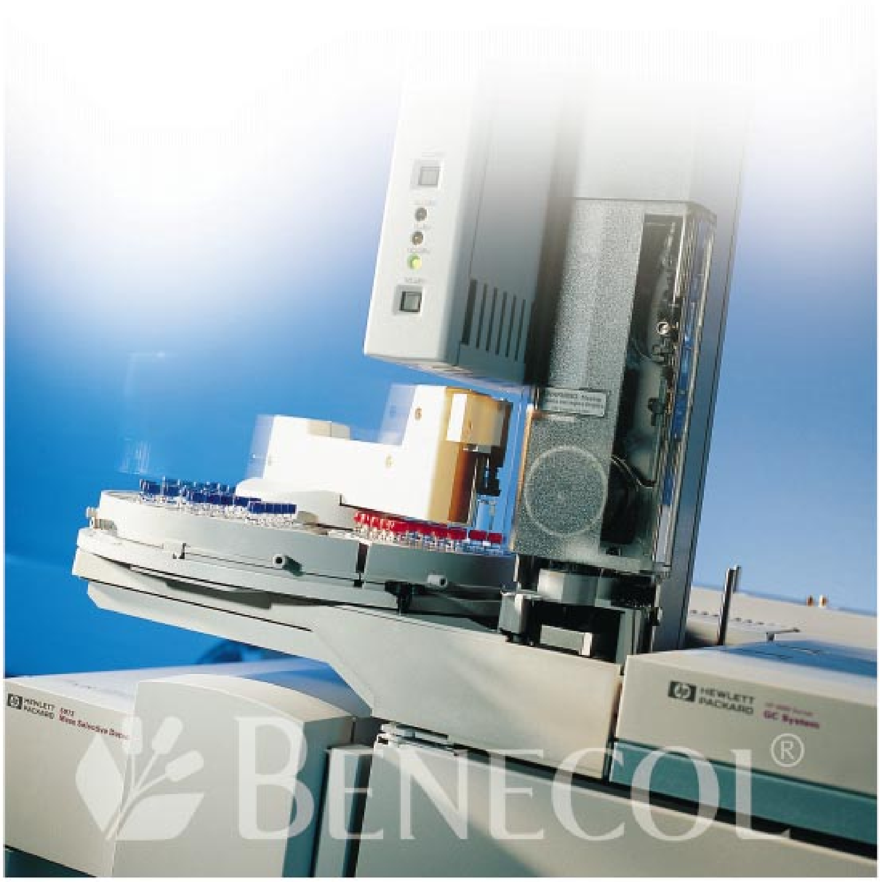
RAISIO



RAISIO GROUP 1997

RAISIO GROUP

The Raisio Group's production plants and head office in Raisio.

The Raisio Group, whose headquarters are located in Raisio, Southwest Finland, develops, manufactures and markets foodstuffs, animal feeds and chemical products. The parent company Raisio Group plc is listed on Helsinki Exchanges.

SCOPE OF OPERATIONS

Total Raisio Group turnover was FIM 4,947 million in 1997, with international turnover accounting for 51 per cent. The balance sheet total came to FIM 3,826 million. On December 31, 1997, the Group employed 2,842 persons, 37 per cent of them abroad. The Group has production plants in 16 countries.

DIVISIONS

The Group's business activities are divided into five divisions, viz. the Margarine, Grain, Chemicals, Benecol and Business Development Divisions.

OPERATING POLICY

Group operations are founded on the needs of our shareholders, customers, raw-material suppliers and staff. We work in close cooperation with our constituents and are ready to accept challenges from our cooperation partners and to work with them in devising solutions to problems.

The Raisio Group is committed to continuously upgrading its operations in terms of the environment, health and safety. We use renewable natural resources almost exclusively, and develop and market products and methods which are safe to use, environmentally sound and less harmful to the environment than before.

The Raisio Group is a firmly based, financially sound and successful enterprise, and thus a safe cooperation partner.

1997

- Group turnover grew by a quarter to almost FIM 5 billion. International turnover also increased and is now slightly over 50 per cent of the total.
- Globalization of the Benecol business progressed, thanks to key agreements.
- The turnover of the Margarine Division doubled and profit after depreciation rose many times over.
- Share values doubled.
- Development potential was promoted in many ways, including reorganization.

CONTENTS

INFORMATION FOR SHAREHOLDERS

The Annual General Meeting of Raisio Group plc will be held on April 7, 1998 at 14.00 at the company offices in Raisio.
The invitation to the meeting is being published in the newspapers Helsingin Sanomat, Hufvudstadsbladet, Landsbygdens Folk, Maaseudun Tulevaisuus and Turun Sanomat.

FINANCIAL INFORMATION

Annual accounts information for 1997	February 19, 1998
Annual report for 1997	March 31, 1998
Interim report January-April 1998	June 10, 1998
Interim report January-August 1998	October 5, 1998

The annual report and interim reports are published in Finnish, English and Swedish. They will be sent automatically to all shareholders on the Finnish Central Securities Depository Ltd. list.

CONTACT INFORMATION

Shareholders should inform the company of their intention to attend the AGM not later than 15.00 on April 2, 1998. The enrolment should be addressed to Raisio Group plc, Shareholders Contact, P.O. Box 101, FIN-20201 Raisio, or made by telephone +358 2 434 2293 or telefax +358 2 434 2315.

Annual and interim reports can be ordered from the following address: Raisio Group, Information Department, P.O. Box 101, 21201 Raisio, by telephone +358 2 434 2292 or by telefax +358 2 434 2147.

Shareholders are asked to update their personal contact and ownership information in the book-entry security register containing their personal book-entry security account.

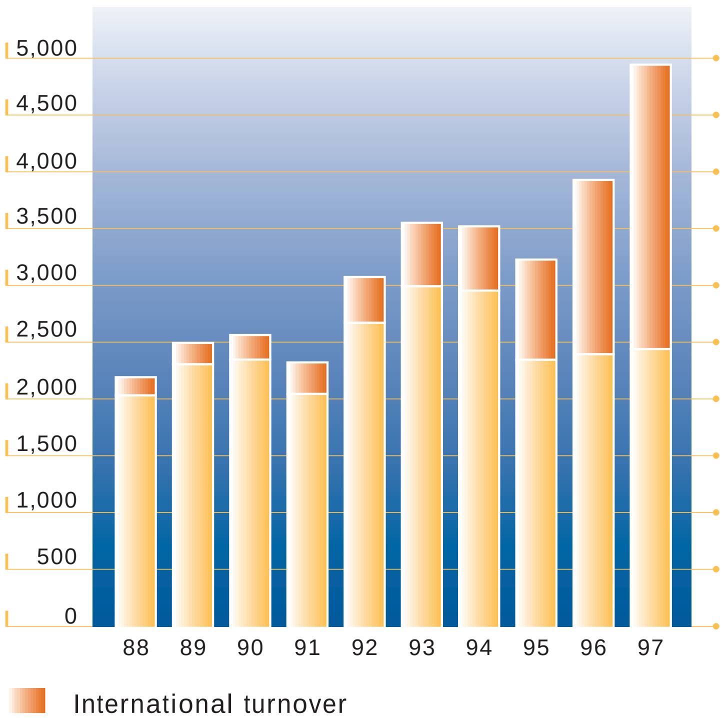
The original annual report was written in Finnish, and the English and Swedish-language versions are translations.

IN BRIEF

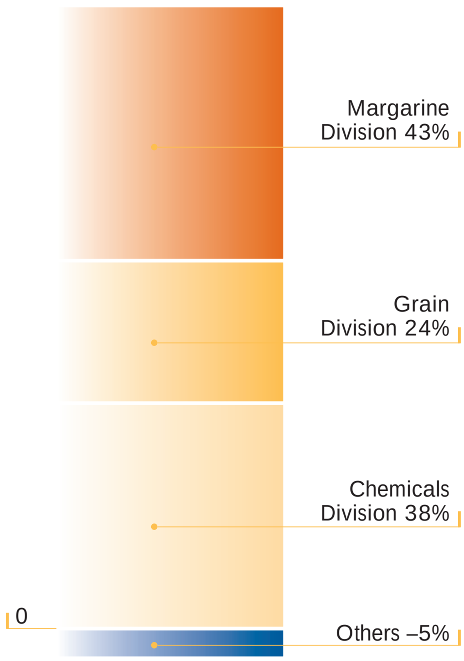
KEY FIGURES

	1997	1996	1995
Turnover, FIM million	4,947	3,928	3,224
Profit after depreciation, FIM million	246	196	183
Profit before extraordinary items, FIM million	209	166	141
Equity ratio, %	46.6	47.3	46.5
Return on investments, %	10.1	9.2	9.2
Investments, FIM million	434	387	380
Average, personnel	2,817	2,365	2,054

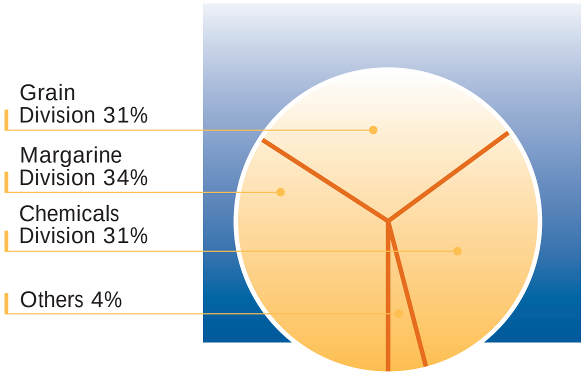
TURNOVER, FIM MILLION



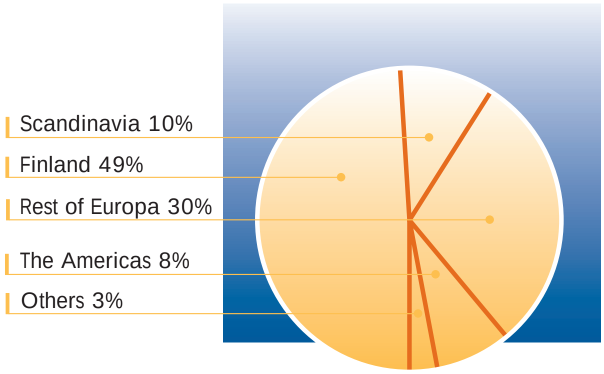
PROFIT AFTER DEPRECIATION BY DIVISION



TURNOVER BY DIVISION



TURNOVER BY MARKET AREA



CHIEF EXECUTIVE'S REVIEW

1997 was a year marked by structural change for Raisio Group as a whole and by a process of internationalization for its Benecol Division. Turnover grew by one billion marks, making Raisio, with its five-billion mark turnover, one of Finland's leading companies.

Consolidated profit before extraordinary items rose to FIM 209 million. The result was satisfactory in view of the poor price trends on world markets, which encumbered the performance of almost all our operating sectors. Capital expenses resulting from our large growth-oriented investments and the cost of developing Benecol were also considerable.

Public awareness of the Raisio Group grew further both in Finland and abroad, mainly thanks to the progress made in the Benecol project. One important step was taken when Raisio signed an agreement with McNeil Consumer Products Company, a Johnson & Johnson company, on the manufacture and marketing of Benecol products in North America. Towards the end of the year, the two companies also signed a letter of intent which, when implemented, will mean that they can cooperate globally. Strengthening of the corporate image was also furthered by the growth of the Chemicals Division and the doubling of Margarine Division output following the acquisition of Carlshamn Mejeri AB.

The price of Raisio shares doubled in 1997, rising to over FIM 600. The market value of share capital exceeded ten billion marks at year end. The rising trend continued early in 1998. The main factors contributing to the upswing have been the international Benecol agreements and the growing body of research material on Benecol, which further reinforces the expectations pinned on this business sector. Growth in other Group sectors also helped to raise the value of Raisio shares.

The company's operating environment continued to undergo major changes, both in terms of operating sectors and geographically. The Chemicals Division strengthened its global position through company acquisitions and by expanding its network of marketing companies. The Foodstuffs Division improved

its standing as an important supplier to nearby areas. Thus, in addition to gaining a stronger market position in Finland, the Group made good progress in Sweden, Poland and Russia. A good example of the structural change that has taken place is that only one tenth of our Margarine Division's output goes to Finland. The opening of borders and investments in company acquisitions have made Raisio an important player on global markets as well as at home.

The recent restructuring of the Group's operating sectors into the Margarine Division, the Grain Division, the Chemicals Division and the Benecol Division was targeted at creating clear-cut entities which will ensure growth and competitiveness. At the same time, the change will help to promote the image of the Raisio Group as an international corporation. The rapid increase in foreign ownership also faces our administration, management and operating sectors with new challenges. This fact is particularly visible in the continuous contacts that we have with foreign investors and the numerous press briefings held in Finland and abroad.

The future outlook is good and the markets expect Raisio to perform well. The Chemicals and Margarine Divisions will certainly continue to grow rapidly, though the Grain Division will probably have to be content with a more modest result.

The foundation work for the introduction of Benecol on international markets will be done in the course of 1998. Investments will be carried out to expand output of the raw material, plant sterol, and its processed form stanol ester. Thus 1998 will be another year of hard work for the Benecol Division, although commensurate revenues are also expected.

Many important decisions had to be made in 1997 which, once implemented, will essentially change the Raisio Group and its structure. Finland's leading refiner of arable products is fast becoming well known internationally.

Raisio's staff have worked commendably and the company's administration has made the necessary decisions to ensure our continuing growth in 1998.

Matti Salminen

TEN YEARS IN BRIEF

	1988	1989	1990	1991	1992
TURNOVER					
Turnover, FIMm	2,184	2,487	2,557	2,315	3,070
change, %	+9	+14	+3	-9	+33
Exports from Finland, FIMm	106	110	136	172	241
International turnover, total, FIMm	161	189	217	279	405
PROFITABILITY					
Profit after depreciation, FIMm	167	120	90	185	252
% of turnover	7.6	4.8	3.5	8.0	8.2
Profit before extraordinary items, FIMm	137	84	27	101	158
% of turnover	6.3	3.4	1.1	4.4	5.1
Profit before appropriations, taxes and minority interest, FIMm	98	91	64	63	114
% of turnover	4.5	3.7	2.5	2.7	3.7
Return on equity, ROE, %	17.0	2.3	2.1	11.4	14.6
Return on investment, ROI, %	14.3	10.7	6.8	12.3	15.5
FINANCING					
Equity ratio, %	31.6	32.7	32.6	36.4	35.8
Quick ratio	1.0	0.8	0.8	0.9	0.8
Current ratio	1.7	1.6	1.5	1.6	1.5
BALANCE SHEET					
Shareholders' equity + minority interest, FIMm	708	797	914	958	1,154
Balance sheet total, FIMm	2,257	2,493	2,872	2,702	3,268
OTHER INFORMATION					
Gross investments, FIMm	329	269	462	197	293
% of turnover	15.1	10.8	18.1	8.5	9.5
R&D expenditure, FIMm	28	31	52	31	35
% of turnover	1.3	1.2	2.0	1.3	1.1
Average personnel	1,581	1,877	1,987	1,803	1,985

	1993	1994	1995	1996	1997
TURNOVER					
Turnover, FIMm	3,549	3,518	3,224	3,928	4,947
change, %	+16	-1	-8	+22	+26
Exports from Finland, FIMm	389	358	519	735	802
International turnover, total, FIMm	561	568	886	1,541	2,514
PROFITABILITY					
Profit after depreciation, FIMm	294	230	183	196	246
% of turnover	8.3	6.5	5.7	5.0	5.0
Profit before extraordinary items, FIMm	199	165	141	166	209
% of turnover	5.5	4.7	4.4	4.2	4.2
Profit before appropriations, taxes and minority interest, FIMm	185	35	140	162	118
% of turnover	5.2	1.0	4.3	4.1	2.4
Return on equity, ROE, %	19.7	10.8	7.5	4.5	7.8
Return on investment, ROI, %	13.5	11.1	9.2	9.2	10.1
FINANCING					
Equity ratio, %	41.1	45.7	46.5	47.3	46.6
Quick ratio	1.0	1.1	0.9	1.1	0.8
Current ratio	1.6	1.6	1.6	1.8	1.5
BALANCE SHEET					
Shareholders' equity + minority interest, FIMm	1,339	1,389	1,471	1,727	1,772
Balance sheet total, FIMm	3,302	3,071	3,175	3,678	3,826
OTHER INFORMATION					
Gross investments, FIMm	174	188	380	387	434
% of turnover	4.9	5.3	11.8	9.9	8.8
R&D expenditure, FIMm	40	54	54	87	99
% of turnover	1.1	1.5	1.7	2.2	2.0
Average personnel	2,106	1,958	2,054	2,365	2,817

ANNUAL REPORT OF THE BOARD OF DIRECTORS

Raisio Group plc Board of Directors. Front left: Matti Linnainmaa, Vice Chairman; Heikki Haavisto, Chairman; Matti Salminen and Arimo Uusitalo. Back left: Arto Lampinen; Pertti Vuola; Vesa Lammela, Chairman of the Supervisory Board; Kaarlo Pettilä and Kaj Lönnroth. The picture was taken in the lobby of the Paper Technology Center in Raisio.

The rapid growth and globalization of the Raisio Group continued in 1997. Turnover increased by one billion Finnish marks, generated almost entirely by the growth in international operations, which now account for more than half of consolidated turnover. The Group has production plants in 16 countries and more than a third of its personnel are employed outside Finland. At the end of the year, nearly 60 per cent of Raisio's stock was foreign-held.

Negotiations on the global exploitation of the Benecol stanol ester innovation largely took place during 1997. A cooperation agreement concerning the North American market was signed with McNeil Consumer Products Company of the Johnson & Johnson group. In addition, a letter of intent was signed on more extensive cooperation covering almost the entire world market. Because of related expectations, the market value of the Group's stock continued to rise, more than doubling last year from FIM 4.7 billion to over FIM 10 billion.

The relatively rapid internationalization process has also had a substantial impact on the Group's culture, operating policies and methods. However, its history and roots have not been forgotten, as is evidenced by the reorganization of, for instance, the subdivisions processing grain and rape seed and the investments in the Grain Division. These aim to reinforce Raisio's traditional area of expertise.

Raisio's Margarine Division grew most rapidly of all during the year. In terms of turnover, it is now the largest in its sector on the Finnish market, second in the Baltic region and third in Europe. The Division performed well. The strengthening of Carlshamn Mejeri's market position and the rapid recovery of Raisio Polska Foods' financial standing were set as targets a year back, and both were attained.

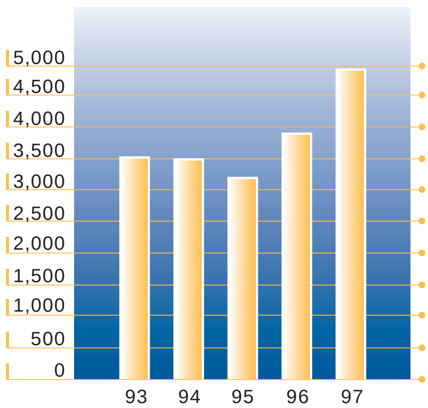
The Group result improved and was satisfactory. The weak profitability of the Grain Division weakened the overall figures but significant steps have already been taken to remedy the situation.

Investments in research and development continued at a relatively high level. This, together with other positive prospects, marks the outlook for 1998 as favourable.

TURNOVER

Consolidated turnover in the 1997 financial year was FIM 4,947 million. Growth was more than FIM 1 billion (+26%).

TURNOVER, FIM million



International turnover

International turnover came to FIM 2,514 million, accounting for 51 per cent of the consolidated figure. Exports from Finland were worth FIM 802 million, showing a 9 per cent increase.

Margarine exports were worth some FIM 290 million. Other product groups with a substantial turnover were malts, starch products, wheat flours, pet foods, pastas, flakes, recycling chemicals, wheat gluten and ketchup.

More than 60 per cent of exports from Finland were to Russia. Other significant buyers were Sweden, Estonia, Germany, Venezuela, Georgia, Brazil and the United States.

International turnover, FIM million

	1997	1996
Exports from Finland		
Margarine Division	308	282
Grain Division	304	272
Chemicals Division	161	146
Others	29	35
	802	735
Turnover of foreign companies	1,926	1,066
Trading abroad	16	12
– intra-Group sales	–230	–272
	2,514	1,541

Turnover by market area, %

	1997	1996
Finland	49	61
Scandinavia	10	5
Rest of Europe	30	24
The Americas	8	8
Others	3	2

CONSOLIDATED FINANCIAL PERFORMANCE

Consolidated profitability was satisfactory. The operating margin was FIM 496 million, or 10.0 per cent of turnover. In cash terms, the improvement is worth FIM 77 million.

Profit after depreciation, at FIM 246 million, was FIM 50 million higher than in 1996. Its share of turnover remained at the 1996 level, or 5.0 per cent.

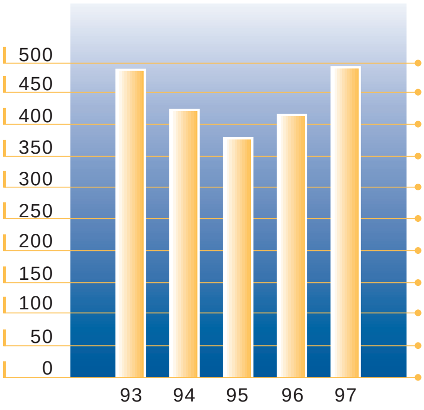
Consolidated net financial expenses were FIM 37 million, or 0.7 per cent of turnover.

Consolidated profit before extraordinary items, reserves, taxes and minority interest was FIM 209 million, showing an improvement of FIM 42 million on 1996.

FIM 90.5 million in undepreciated residual goodwill value for the Milling Subdivision's Melia Ltd was deducted from its balance sheet as consolidated extraordinary expenses. The goodwill was generated in connection with the company's foundation and it is not estimated to have retained its formerly expected value in the current EU market situation.

Earnings per share (EPS) grew to FIM 8.27 from the 1996 figure of FIM 4.08. The effect of the deferred tax liability has been taken into account in the key figures.

OPERATING MARGIN, FIM million



FINANCIAL PERFORMANCE BY DIVISION

The Margarine Division's performance improved substantially and was generally good. Carlshamn Mejeri AB, acquired at the end of 1996, has now been included for the entire financial year and performed better than budgeted. Raisio Polska Foods Sp. z o.o., which booked a considerable loss in 1996, improved its performance markedly, showing a profit. Thanks to growing volume, Raision Margariini continued to improve its performance.

The financial performance of the Benecol Division improved essentially during the 1997 financial year despite the massive investments in developing the business. All R&D expenses were entered as costs.

The Grain Division's total performance was weak. The Milling Subdivision's result was clearly in the red, due mainly to the low prices of wheat flours in comparison with raw material prices. The year was also difficult for the Malting Subdivision. There was ample supply of malting barley on the world market and malting plants had surplus capacity, resulting in price cuts. The Animal Feeds Subdivision's performance remained at the 1996 level and was only fair. A decision was made to procure traditional, genetically unmodified soy directly from American farm cooperatives, resulting in additional expenses of several million markka.

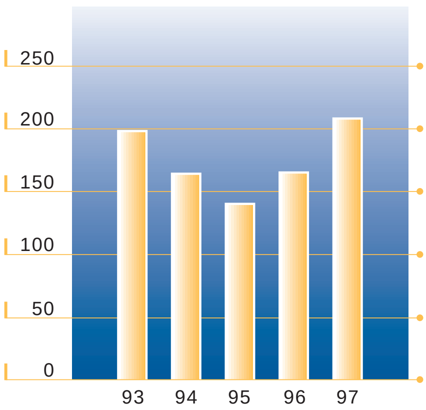
The total performance of the Chemicals Division was down slightly on the previous year. The Starch Subdivision, which has the largest volume in the Division, continued to perform reasonably well. While recycling chemicals showed improvement, the result for the coating chemicals and environmental technology product groups declined. Results from European activities were better than budgeted. The same applies to America, although Canadian activities were still in the red. Activities in the Far East are still so limited that the economic crisis hitting Asia did not have any significant impact on Raisio's Chemicals Division.

Turnover and profit after depreciation by Division, FIM million

	Turnover		Profit after depreciation	
	1997	1996	1997	1996
Margarine Division	1,674	864	106.0	12.1
Grain Division	1,687	1,638	58.0	78.6
Chemicals Division	1,568	1,360	92.8	106.7
Other operations	197	197	–11.2	–1.5
Inter-divisional turnover	–179	–131	–	–
	4,947	3,928	245.6	195.9

The turnover and profit after depreciation from Benecol margarine and stanol ester are included in the Margarine Division figures.

PROFIT BEFORE EXTRAORDINARY ITEMS, FIM million

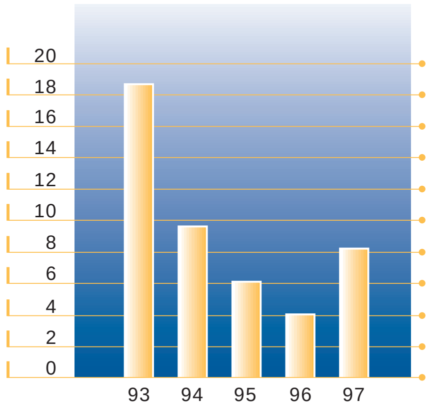


DIVIDEND POLICY AND DIVIDEND

The Board's aim is to provide shareholders with a profitable investment and to link dividend to performance. The amount of the dividend is decided by shareholders at the Annual General Meeting. The Board does not consider it feasible to confirm in advance a fixed percentage of the Group's result as an annual dividend proposal.

The Board proposes that FIM 3 per share be distributed in dividend on 1997, amounting to 36.3 per cent of EPS. The dividend distributed on 1996 was FIM 2 per share, equal to 49.0 per cent of the EPS for the year.

EARNINGS PER SHARE, FIM million



FINANCING

The structure of consolidated financing remained solid. Cash generated from business operations grew to FIM 355 million from FIM 257 million last year. The majority of the year's investments were funded out of generated cash. Liquidity continued to be good.

On the closing date, the total interest-bearing net debt was FIM 850 million (1996: FIM 708 million). Average net interest-bearing capital employed increased in the same proportion. Despite the increase, interest expenses from debts decreased, largely due to lower interest rates on short-term loans and the active changes in the structure of the loan portfolio made possible by the syndicated loan taken out in December 1996.

Net financial expenses were 0.75 per cent of turnover, the same as in 1996. Expenses were hit by higher interest rates in Poland and the economic crisis in Asia.

The consolidated equity ratio was 46.6 per cent. The 1996 figure computed on corresponding principles was 47.3 per cent. The effect of the deferred tax liability has been taken into account in the key figures.

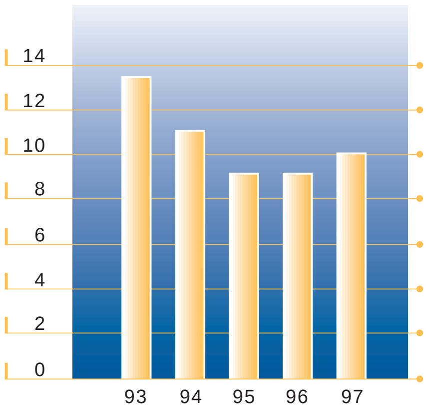
Return on investment was 10.1 per cent (1996: 9.2 per cent) and return on equity 7.8 per cent (1996: 4.5 per cent). The key figures indicating the turnover of short-term capital (current ratio and quick ratio) showed a slight weakening on the previous year, mainly because the withdrawn portion of the said syndicated USD 135 million loan is included in short-term liabilities.

The Group has hedged itself against exchange rate risks from currency-denominated receivables and debts, off-balance-sheet purchase and sales contracts and, to some extent, budgeted cash flow. Hedging against foreign exchange risks takes the form of forward contracts based on the net foreign exchange position, for a maximum of 12 months. The share capital of foreign subsidiaries has not been hedged.

Hedging covered three quarters of the currency position open on the date of closing and on average roughly half of the entire year's position.

SINGLE CURRENCY

RETURN ON INVESTMENT, %



The EU Member States participating in the third stage of European Monetary Union (EMU) will introduce a single currency, the euro, as an account currency as of the beginning of 1999. The political decision on the implementation of EMU will be made in summer 1998. If Finland does participate in the third stage, the Raisio Group will make preparations to introduce the euro in customer and distributor transactions as of the beginning of 1999. A decision on a complete change-over to the euro will be made separately during spring 1998. A separate euro project has been set up for the purpose.

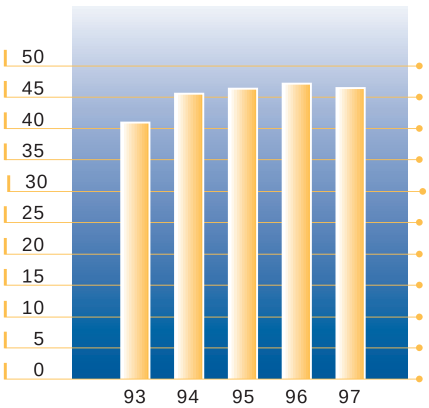
INVESTMENTS

Gross investment by the Group amounted to FIM 434 million, which is 9 per cent of turnover. Investment amounted to FIM 289 million in Finland and FIM 145 million abroad.

The Margarine Division's main investments were procurement of the final batch of Carlshamn Mejeri AB's shares and the acquisition of the Dolina Skandi brand. In addition, the Benecol Division acquired know-how related to the separation of sterol from UPM-Kymmene plc, boosted stanol ester production in Raisio and built a storage facility for the plant.

Work on the new laboratory facilities in Raisio was completed. The facilities serve both the Benecol and the Chemicals Division.

EQUITY RATIO, %



The Grain Division invested in expanding its malting plant. The output of the pasta factory in Raisio was doubled with a new production line. Flake production in Nokia was boosted and more shares in the Latvian company AS Rigas Dzirnavnieks were acquired, bringing the total holding from 20 to 25 per cent at the beginning of 1998.

The Chemicals Division acquired 50 per cent of the Indonesian company P.T. Intercipta Kimia Pratama's share capital, a majority of the Spanish company Raisio Echeveste S.A.'s share capital and the entire share capital of the German company Pelzer & Röhrl GmbH & Co. KG. All three produce rosin sizing. The output of the fine chemicals plant in Mietoinen was doubled.

Gross investment by Division, FIM million

	1997	1996
Margarine Division	124	236
Grain Division	133	68
Chemicals Division	144	74
Others	33	9
Total	434	387

GROUP NAME

As of September 1, 1997, Raision Tehtaat Oy Ab was made a public limited company as prescribed in the new Companies Act. At the same time the company's name was changed to Raisio Yhtymä Oyj in Finnish, Raisio Group plc in English and Raisiokoncernen Abp in Swedish.

CHANGES IN GROUP STRUCTURE

From the beginning of June 1997, the Milling Subdivision, Animal Feeds Division and its Oil Milling, Malting Subdivisions and Agricultural Group were combined as the Grain Division.

A Margarine Division was set up at the beginning of December, including Raision Margariini, Carlshamn Mejeri and Raisio Polska Foods as subdivisions. The Potato Processing Subdivision and Foodie Oy were combined as a group called Business Developments. The Group's economic, financial and IT departments were combined to form a new Financial Group.

The Benecol Division was incorporated as Raisio Benecol Ltd as of the beginning of 1998. The new company is in Raisio Group plc's sole ownership. For 1997, the Benecol Division is included in the Margarine Division figures.

THE ENVIRONMENT

The Board of Directors approved the Group's environmental policy on December 16, 1997. Its principles govern all of the Group's activities around the globe. An environmental system in accordance with the ISO 14001 standard has already been certified for Raisio Chemicals' Finnish operations and for all the operations of Raisio Feed. Raisio Chemicals publishes a separate environmental report annually.

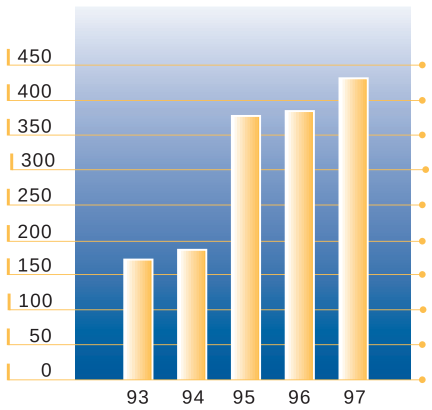
PERSONNEL

The Raisio Group employed an average of 2,817 persons in 1997, 452 more than in 1996. 1,854 (66%) were in Finland and 963 (34%) abroad. The increase is due to Carlshamn Mejeri AB, which has been included in the figure for the entire year, and the corporate acquisitions by the Chemicals Division.

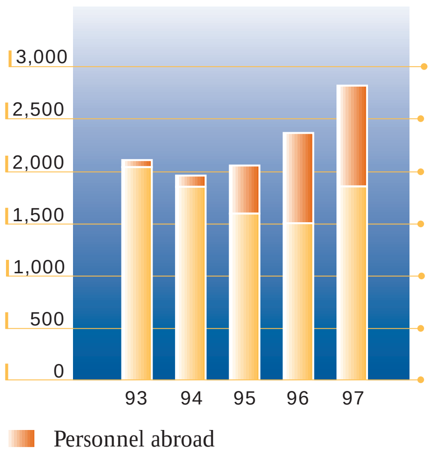
Personnel stood at 2,842 at year end, 208 more than a year earlier. Of the personnel, 1,781 (63%) were in Finland and 1,061 (37%) abroad.

Raisio Group plc employed an average of 730 persons, and 715 at year end.

INVESTMENTS, FIM million



NUMBER OF PERSONNEL, AVERAGE FOR THE YEAR



Average personnel by Division

	1997	1996
Margarine Division	918	573
Grain Division	699	693
Chemicals Division	838	748
Others	362	351
Group average	2,817	2,365

Personnel by locality

	31.12.1997	31.12.1996
Raisio	1,005	992
Toijala	116	116
Nokia	114	100
Anjalankoski	106	102
Vihanti	85	88
Elsewhere in Finland	355	334
Sweden	377	355
Poland	258	240
Indonesia	118	40
Canada	105	128
UK	44	40
USA	37	41
France	35	32
Elsewhere abroad	87	26
Group total	2,842	2,634

RESEARCH AND DEVELOPMENT

The Group's research and development costs came to FIM 99 million, or 2.0 per cent of turnover. The Margarine Division accounted for FIM 39 million, the Grain Division for FIM 9 million and the Chemicals Division for FIM 50 million. Other R&D costs were FIM 1 million.

OUTLOOK FOR THE FUTURE

Thanks to good solvency, future operations are based on a sound foundation. Retaining and reinforcing the market position won in Finland and using as much domestic raw material as possible are still the targets in all sectors. However, growth is generated mainly from international operations, i.e. both exports and production abroad.

Intensive work on expanding the Benecol business on a global scale continues. Investments are under way in various countries concerning procurement of the sterol raw material and the production of stanol ester. Benecol products are expected to be launched outside Finland for the first time in 1998, and the range available will also be expanded on the Finnish market.

The decreasing trend in the consumption of edible fats faces the Margarine Division with the challenge of developing new products which can better satisfy the needs of future consumers. Rapid recovery of the Milling Subdivision's financial standing and maximum profitable exploitation of the Malting Subdivision's added capacity are targets which require swift action.

Russia has become one of Raisio Group's main market areas. While it offers great potential, plans for the future cannot be based solely on continuing export growth. This is why Raisio Group will investigate the potential of permanent integration, mainly in the foodstuffs sector.

The Chemicals Division has succeeded in gaining a solid global foothold for its products and production through corporate acquisitions. For the near future, the target is controlled and profitable expansion of international operations. Work to raise the profitability of business operations in Canada continues, after a good start. While expansion of operations in the Far East has slowed down due to the economic situation there, long-term prospects are estimated to be significant.

In 1998, the Group's aim is to maintain its rapid growth in turnover and to improve performance. The main emphasis will be on the Benecol Division.

CONSOLIDATED INCOME STATEMENT

(FIM 1,000)	1.1.–31.12.1997	1.1.–31.12.1996
TURNOVER	4 947 223	3 927 916
Increase(+)/decrease(-) in stock of finished products	+38 785	+1 170
Share of associated companies' profits	15 442	7 422
Other income from business operations	13 529	19 494
Expenses:		
Materials, supplies and goods		
Purchases during the year	3 152 391	2 465 612
Increase(-)/decrease(+) in inventories	-48 280	+4 222
Outside services	20 866	14 977
Personnel expenses (1)	588 989	459 729
Rents	51 662	42 574
Other expenses	752 984	549 049
Total expenses	4 518 612	3 536 163
OPERATING MARGIN	496 367	419 839
Depreciation on fixed assets and other long-term expenditure (2)	228 817	211 882
Depreciation on Group adjustments	21 940	12 063
PROFIT AFTER DEPRECIATION	245 610	195 894
Financial income and expenses:		
Dividend received	1 009	1 670
Interest received on long-term investments	17	40
Interest received on short-term investments	20 941	18 523
Other financial income	512	12 390
Exchange rate differences	4 743	8 623
Share of associated companies' profits	10 490	2 767
Interest paid	-71 051	-69 337
Other financial expenses	-3 728	-4 163
Total financial income and expenses	-37 067	-29 487
PROFIT BEFORE EXTRAORDINARY ITEMS, RESERVES AND TAXES	208 543	166 407
Extraordinary income and expenses (4):		
Extraordinary income	-	743
Extraordinary expenses	-90 524	-4 959
Total extraordinary income and expenses	-90 524	-4 216
PROFIT BEFORE RESERVES AND TAXES	118 019	162 191
Direct taxes		
On the financial year	-60 020	-57 648
On earlier financial years	-2 691	-6 427
Change in deferred tax liability	8 286	-32 942
PROFIT FOR THE YEAR BEFORE MINORITY INTEREST	63 594	65 174
Minority interest	20 701	-7 794
CONSOLIDATED PROFIT FOR THE FINANCIAL YEAR	84 295	57 380

The figures in brackets refer to the attached notes.

CONSOLIDATED BALANCE SHEET

(FIM 1,000)	31.12.1997	31.12.1996
ASSETS		
FIXED ASSETS AND OTHER LONG-TERM EXPENDITURE		
Intangible assets		
Intangible rights (6)	169 674	150 403
Goodwill (7)	4 011	95 739
Group adjustments (8)	349 809	302 546
Other long-term expenditure (9)	4 264	5 332
Advances paid	1 451	2 144
	529 209	556 164
Tangible assets		
Land and water areas (10)	33 688	33 199
Buildings and constructions (11)	571 958	533 739
Machinery and equipment (12)	830 706	781 533
Other tangible assets (13)	8 204	7 409
Advances paid and unfinished assets	46 828	29 211
	1 491 384	1 385 091
Securities under fixed assets and other long-term investments		
Shares and holdings in associated companies (14)	76 069	47 967
Other shares and holdings (14)	39 610	37 907
Loan receivables	4 164	4 493
	119 843	90 367
INVENTORIES AND FINANCIAL ASSETS		
Inventories		
Materials and supplies	508 932	445 684
Production in progress	11 404	6 023
Finished products/goods	233 707	194 999
Other inventories	20 867	21 634
Advance payments	-	223
	774 910	668 563
Receivables (15)		
Accounts receivable	558 121	517 001
Loan receivables	810	307
Prepaid expenses and accrued income	55 299	68 776
Other receivables	49 160	86 473
	663 390	672 557
Securities under financial assets		
Other securities	155 579	207 359
	155 579	207 359
Cash and bank receivables	91 748	98 289
	3 826 063	3 678 390

The figures in brackets refer to the attached notes.

	31.12.1997	31.12.1996
LIABILITIES		
SHAREHOLDERS' EQUITY		
Restricted equity		
Share capital (16)	163 330	163 330
Reserve fund (17)	527 393	526 997
	690 723	690 327
Unrestricted equity		
Contingency fund (18)	80	9
Retained earnings (19)	835 727	817 676
Profit for the year	84 295	57 380
	920 102	875 065
MINORITY INTEREST	160 963	161 908
LIABILITIES		
Long-term (21)		
Bond loans	110 000	110 000
Loans from credit institutions	452 199	519 579
Pension loans	93 039	144 278
Deferred tax liability	237 324	245 610
Other long-term loans (15)	21 864	5 284
	914 426	1 024 751
Current (15)		
Loans from credit institutions	303 516	129 212
Pension loans	7 003	19 674
Advance payments	25 859	25 735
Accounts payable	445 015	426 855
Notes payable	4 743	4 064
Accrued liabilities and deferred income	199 189	169 058
Other loans	109 727	106 637
Other short-term liabilities	44 797	45 104
	1 139 849	926 339
	3 826 063	3 678 390

SOURCE AND APPLICATION OF FUNDS

(FIM 1,000)	GROUP 1997	GROUP 1996	PARENT COMPANY 1997	PARENT COMPANY 1996
BUSINESS OPERATIONS				
Funds generated from operations				
Operating margin	496 367	419 839	197 913	156 052
Financial income and expenses	-37 066	-29 487	5 697	6 042
Extraordinary items	-	-4 216	20 338	23 205
Change in tax liability	8 285	-32 942	-	-
Other direct taxes	-62 711	-64 075	-26 791	-39 275
Total funds generated from income	404 875	289 119	197 157	146 024
CHANGE IN OPERATING CAPITAL				
Inventories, increase(-)/decrease(+)	-106 347	-36 679	-69 248	-33 543
Short-term receivables, increase(-)/decrease(+)	+9 168	-96 519	+33 036	+18 563
Short-term interest-free liabilities, increase(+)/decrease(-)	+47 256	+100 965	-16 505	+66 722
	-49 923	-32 233	-52 717	51 742
Cash flow from operations	354 952	256 886	144 440	197 766
INVESTMENTS				
Investments in fixed assets	-433 631	-386 934	-140 587	-101 236
Income from sale of fixed assets	18 575	12 696	21 450	18 756
Change in Group structure	4 308	-82 396	-	-
Other investments	-25 872	-10 189	-	-
	-436 620	-466 823	-119 137	-82 480
Cash flow before financing	-81 668	-209 937	25 303	115 286
FINANCING				
Increase(-)/decrease(+) in long-term receivables	+328	-2 939	-105 635	-247 355
Increase (+)/decrease (-) in long-term debts	-10 395	+33 412	-	-
Increase(+) in long-term loans	+39 684	+324 344	-	+185 000
Decrease(-) in long-term loans	-201 777	-242 069	-84 926	-138 387
Increase(+)/decrease (-) in short-term loans	+215 743	-8 408	+193 639	-37 542
Minority interest	+19 755	-432	-	-
Dividends	-34 871	-28 820	-32 666	-27 222
Share issue	-	217 772	-	217 772
	28 467	292 860	-29 588	-47 734
Increase in computed liquid assets	-53 201	82 923	-4 285	67 552
Adjustment items	-5 120	-169	-	-
Increase(+)/decrease(-) in liquid assets per balance sheet	-58 321	+82 754	-4 285	+67 552

PARENT COMPANY INCOME STATEMENT

(FIM 1,000)	1.1.–31.12.1997	1.1.–31.12.1996
TURNOVER	1 383 904	1 270 438
Increase(+)/decrease(-) in stocks of finished products	+4 100	-973
Other income from business operations	28 228	26 931
Expenses:		
Materials, supplies and goods:		
Purchases during the year	901 708	833 591
Increase(-)/decrease(+) in inventories	-65 148	-34 516
Outside services	11 651	10 169
Personnel expenses (1)	157 199	142 995
Rents	13 829	13 416
Other expenses	199 080	174 688
Total expenses	1 218 319	1 140 343
OPERATING MARGIN	197 913	156 052
Depreciation on fixed assets and other long-term expenditure (2)	75 734	77 718
PROFIT AFTER DEPRECIATION	122 179	78 334
Financial income and expenses (3):		
Dividend received:		
Subsidiaries	487	677
Other companies	1 969	1 719
Interest received on long-term investments	20 910	10 352
Interest received on short-term investments	21 163	16 935
Other financial income	1 076	12 635
Exchange rate differences	3 208	8 839
Interest paid	-41 262	-42 604
Other financial expenses	-1 854	-2 511
Total financial income and expenses	5 697	6 042
PROFIT BEFORE EXTRAORDINARY ITEMS, RESERVES AND TAXES	127 876	84 376
Extraordinary income and expenses (4):		
Extraordinary income	13 000	5
Extraordinary expenses	-9 208	-
Group subsidies	20 100	23 200
Total extraordinary income and expenses	23 892	23 205
PROFIT BEFORE RESERVES AND TAXES	151 768	107 581
Increase(-)/decrease(+) in depreciation difference (2)	-74 171	-7 405
Increase(-)/decrease(+) in non-mandatory reserves (5)	+88 062	+17 424
Direct taxes:		
On the financial year	-26 308	-32 757
On previous financial years	-483	-6 518
PROFIT FOR THE YEAR	138 868	78 325

The figures in brackets refer to the attached notes.

PARENT COMPANY BALANCE SHEET

(FIM 1,000)	31.12.1997	31.12.1996
ASSETS		
FIXED ASSETS AND OTHER LONG-TERM INVESTMENTS		
Intangible assets		
Intangible rights (6)	60 475	70 841
Goodwill (7)	4 011	5 215
Other long-term expenditure (9)	5 530	8 726
Advance payments	120	852
	70 136	85 634
Tangible assets		
Land and water areas (10)	19 854	20 414
Buildings and constructions (11)	263 425	227 571
Machinery and equipment (12)	254 105	231 443
Other tangible assets (13)	1 527	1 443
Advances paid and unfinished assets	4 479	11 894
	543 390	492 765
Securities under fixed assets and other long-term investments		
Shares in subsidiaries (14)	379 516	380 579
Other shares and holdings (14)	69 259	56 129
Loan receivables	478 404	372 769
	927 179	809 477
INVENTORIES AND FINANCIAL ASSETS		
Inventories		
Materials and supplies	201 430	135 767
Finished products/goods	80 151	76 567
Other inventories	63	62
	281 644	212 396
Receivables (15)		
Accounts receivable	197 683	199 848
Loan receivables	19 459	19 601
Prepaid expenses and accrued income	31 431	47 067
Other receivables	68 370	83 463
	316 943	349 979
Securities under financial assets		
Other securities	150 042	194 166
	150 042	194 166
Cash and bank receivables	100 541	60 702
	2 389 875	2 205 119

The figures in brackets refer to the attached notes.

	31.12.1997	31.12.1996
LIABILITIES		
SHAREHOLDERS' EQUITY		
Restricted equity		
Share capital (16)	163 330	163 330
Reserve fund (17)	526 714	526 476
	690 044	689 806
Unrestricted equity		
Retained earnings (19)	263 814	218 155
Profit for the year	138 868	78 325
	402 682	296 480
RESERVES		
Accumulated depreciation difference	341 275	267 105
Non-mandatory reserves (20)		
Investment reserves	-	24 845
Other reserves	-	63 216
	-	88 061
LIABILITIES		
Long-term (21)		
Bond loans	110 000	110 000
Loans from credit institutions	217 634	249 732
Pension loans	72 059	92 194
Other long-term loans (15)	992	2 852
	400 685	454 778
Current (15)		
Loans from credit institutions	191 108	35 892
Pension loans	5 424	13 956
Advance payments	7 772	-
Accounts payable	158 965	173 530
Accrued liabilities and deferred income	60 677	70 587
Other loans	121 076	104 955
Other short-term liabilities	10 167	9 968
	555 189	408 888
	2 389 875	2 205 119

ACCOUNTING PRINCIPLES

CONSOLIDATION

The consolidated financial statements of the Raisio Group include the parent company Raisio Group plc and those companies in which the parent company held over 50% of the voting rights directly or indirectly on December 31, 1997. Subsidiary companies acquired during the year are included in the consolidated statements as of the date of purchase and subsidiaries sold are included up to the relevant date. More detailed information on companies and associated companies in the Group is given in the attached notes to the balance sheet.

Transactions between Group companies, unrealized margins on deliveries within the Group, mutual receivables, and liabilities and internal profit distribution have been eliminated, with the exception of a few insignificant trades in fixed assets. The consolidated accounts have been drawn up using the acquisition cost method. The price paid for some subsidiary shares exceeded their equity, and was entered in the balance sheet in toto as a Group adjustment. Prices for subsidiary shares below their equity value were deducted from Group adjustments in the form of a reserve. A straight-line depreciation has been made on Group adjustments, spread over twenty years.

The minority interest in Group profit for the year and in shareholders' equity is given as a separate figure, after eliminating internal inter-company transactions and mutual receivables and liabilities.

Associated companies in which the Group has a 20–50% holding have been combined using the share of capital method. The Group share of the associated company's profit is calculated proportionately to its holding in the company. Dividends received from associated companies have been eliminated.

The financial statements of the foreign Group companies have been converted and grouped to correspond to Finnish accountancy law. Balance sheets of foreign Group companies have been translated into Finnish marks at the Bank of Finland mean rates and income statements at the mean rate for the financial period. Translation differences accruing from the elimination of foreign subsidiaries' own capital resources are entered as unrestricted shareholders' equity.

In accordance with the new practice, the accrued difference between actual and planned depreciation, and non-mandatory reserves are entered in the consolidated balance sheet as shareholders' equity and deferred tax liability. The change in them is entered in the consolidated income statement as a change in deferred tax liability and as net profit for the year. Comparative figures from the previous year and key figures from earlier years have been adjusted accordingly. In contrast to the previous practice, the investment reserves used for covering the acquisition price of the subsidiary shares have not been returned to the contingency fund. In these respects, the comparative figures from the previous year have also been adjusted.

INVENTORIES

Inventories have been entered in the balance sheet at the variable cost of acquisition or manufacture, or at the repurchase price or probable surrender price, according to what is lower.

The value of foreign subsidiaries' inventories has been transferred to the consolidated financial statements directly from the company's final accounts. No correction has been made for fixed costs which have been capitalized, since the amount is of no significance.

FIXED ASSETS AND DEPRECIATION

Fixed assets have been capitalized at the direct acquisition cost. Planned depreciation has been calculated on a straight-line basis according to the original acquisition cost and the estimated economic life of the item. The different groups of fixed assets had the following economic lives:

buildings and constructions	10–25 years
machinery and equipment	4–10 years
intangible rights	5–10 years
other long-term expenses	5–20 years

No planned depreciation was made on land areas or revaluations.

The difference between booked and planned depreciation has been entered as an appropriation.

RESEARCH AND DEVELOPMENT EXPENDITURE

Research and development expenses have been entered as annual expenses in the year of occurrence.

PENSION ARRANGEMENTS

Statutory and voluntary pension security for the personnel of Raisio Group plc and its domestic subsidiaries is arranged through pension insurance companies. Overseas subsidiaries take care of their own pension arrangements according to local practice.

The Chief Executive of the parent company can take early retirement at age 60 and certain other Group managers at age 62.

The pension liability in the information appended to the balance sheet stems from two separate pension arrangements made by Raisio Group plc.

DIRECT TAXES

The consolidated financial statements include the taxes paid during the financial year by Group companies, calculated on an accrual basis, taxes paid in previous financial years and the change in deferred tax liability. Corporate tax credit based on dividend distribution within the Group is eliminated in the consolidated financial statements by allocating it as a deduction in direct taxes for the financial year.

FOREIGN CURRENCY RECEIVABLES AND LIABILITIES

Finnish companies' foreign currency receivables and liabilities have been converted into Finnish marks at the mean rates quoted by the Bank of Finland. Realized exchange rate fluctuations as well as exchange rate losses or profits caused by valuation of receivables and liabilities have been entered in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

APPENDED INFORMATION NOTES ON THE INCOME STATEMENT

(FIM 1,000)	GROUP 1997	GROUP 1996	PARENT COMPANY 1997	PARENT COMPANY 1996
1. PERSONNEL EXPENSES				
Wages and salaries	441 688	356 202	123 454	115 144
Fringe benefits	7 114	5 023	1 928	2 013
Wages, salaries and fringe benefits	448 802	361 225	125 382	117 157
Pension expenses	50 497	45 133	19 347	15 461
Other personnel expenses	96 804	58 394	14 398	12 389
Total	596 103	464 752	159 127	145 007
The above figures are given on an accrual basis.				
Salaries and other remunerations paid to managing directors and members of the Board of Directors and Supervisory Board	10 997	9 196	2 189	1 958
Average number of personnel	2 817	2 365	730	694
2. DEPRECIATION				
Planned depreciation				
Intangible rights	25 195	15 332	8 816	9 150
Goodwill	1 203	29 099	1 203	5 490
Other long-term expenditure	1 061	972	3 026	3 033
Buildings and constructions	40 377	38 912	18 387	18 636
Machinery and equipment	158 950	126 439	44 302	41 409
Other tangible assets	2 031	1 128	-	-
Total	228 817	211 882	75 734	77 718
Group adjustments	21 940	12 063		
Change in depreciation difference				
Intangible rights	-8 041	-7 156	-131	-15
Goodwill	-	-	-	-
Other long-term expenditure	222	-20	2	-8
Buildings and constructions	12 964	6 243	11 219	7 602
Machinery and equipment	30 788	9 230	2 801	2 440
Other tangible assets	-1 451	-	-	-
Use of reserves	-142 507	-50 891	-88 062	-17 424
Total	-108 025	-42 594	-74 171	-7 405
3. INTERNAL FINANCIAL INCOME AND EXPENSES				
Financial income from Group companies				
Dividend received			487	677
Interest received on long-term investment			20 893	10 315
Interest received on short-term investment			5 319	4 333
Other financial yields			90	70
Exchange rate gains			2 706	3 931
Financial expenses paid to Group companies				
Interest paid			2 571	3 139
Exchange rate losses			14 239	14 061
4. EXTRAORDINARY INCOME AND EXPENSES				
Extraordinary income				
Group subsidies received	-	-	35 000	24 500
Other extraordinary income	-	743	-	5
Recovery of write-downs on shares	-	-	13 000	-
	-	743	48 000	24 505
Extraordinary expenses				
Write-downs on shares	-	-	9 208	-
Group subsidies paid	-	-	14 900	1 300
Operational restructuring expenses	-	4 959	-	-
Depreciation of goodwill value	90 524	-	-	-
	90 524	4 959	24 108	1 300
5. CHANGE IN NON-MANDATORY RESERVES (-) increase, (+) decrease				
Change in investment reserves	35 166	10 077	24 846	-
Change in transition reserves	122 076	40 815	63 216	17 424
Change in other reserves	-6 074	-3 612	-	-
Total	151 168	47 280	88 062	17 424

INFORMATION APPENDED TO THE BALANCE SHEET

(FIM 1,000)	GROUP 1997	GROUP 1996	PARENT COMPANY 1997	PARENT COMPANY 1996
TANGIBLE AND INTANGIBLE ASSETS				
6. Intangible assets				
Acquisition cost 1.1.	197 998	131 070	98 613	95 591
Rate differentials	813	60	-	-
Increases 1.1.–31.12.	44 607	70 381	-1 357	5 782
Decreases 1.1.–31.12.	-2 845	- 3 513	-2 356	- 2 760
Acquisition cost 31.12.	240 573	197 998	94 900	98 613
Accumulated planned depreciation 31.12.	-70 899	-47 595	-34 425	-27 772
Book value 31.12.	169 674	150 403	60 475	70 841
Accumulated difference between actual and planned depreciation 1.1.	34 352	9 321	7 379	7 364
Change in depreciation difference 1.1.–31.12.	11 752	25 031	131	15
Accumulated difference between actual and planned depreciation 31.12.	46 104	34 352	7 510	7 379
7. Goodwill				
Acquisition cost 1.1.	267 178	267 178	31 084	31 084
Increases 1.1.–31.12	-236 094	-	-	-
Acquisition cost 31.12.	31 084	267 178	31 084	31 084
Accumulated planned depreciation 31.12.	-27 073	-171 439	-27 073	-25 869
Book value 31.12.	4 011	95 739	4 011	5 215
Accumulated difference between actual and planned depreciation 1.1.	1 605	1 605	1 605	1 605
Change in depreciation difference 1.1.–31.12.	-	-	-	-
Accumulated difference between actual and planned depreciation 31.12.	1 605	1 605	1 605	1 605
8. Group adjustments				
Acquisition cost 1.1.	365 916	195 853		
Increases 1.1.–31.12.	70 842	170 063		
Decreases 1.1.–31.12.	-2 116	-		
Acquisition cost 31.12.	434 642	365 916		
Accumulated planned depreciation 31.12.	-84 833	-63 370		
Book value 31.12.	349 809	302 546		
9. Other long-term expenditure				
Acquisition cost 1.1.	12 793	11 745	29 032	29 430
Exchange rate differences	2	-29	-	-
Increases 1.1.–31.12.	364	2 223	200	298
Decreases 1.1.–31.12.	-1 792	-1 146	-1 791	-696
Acquisition cost 31.12.	11 367	12 793	27 441	29 032
Accumulated planned depreciation 31.12.	-7 103	-7 461	-21 911	-20 306
Book value 31.12.	4 264	5 332	5 530	8 726
Accumulated difference between actual and planned depreciation 1.1.	2 745	1 495	1 131	1 123
Change in depreciation difference 1.1.–31.12.	-139	1 250	-2	8
Accumulated difference between actual and planned depreciation 31.12.	2 606	2 745	1 129	1 131
10. Land areas				
Acquisition cost 1.1.	33 199	31 425	20 414	20 336
Exchange rate differences	298	295	-	-
Increases 1.1.–31.12.	863	1 526	92	78
Decreases 1.1.–31.12.	-672	-47	-652	-
Acquisition cost 31.12.	33 688	33 199	19 854	20 414
Revaluations included in the acquisition cost of land areas				
Revaluations 31.12.	150	150	150	150

(FIM 1,000)	GROUP 1997	GROUP 1996	PARENT COMPANY 1997	PARENT COMPANY 1996
11. Buildings and constructions				
Acquisition cost 1.1.	890 899	814 032	452 643	432 733
Exchange rate differences	3 453	1 986	-	-
Increases 1.1.–31.12	94 328	78 924	65 648	19 973
Decreases 1.1.–31.12.	-29 201	-4 043	-29 009	-63
Acquisition cost 31.12.	959 479	890 899	489 282	452 643
Accumulated planned depreciation 31.12.	-387 521	-357 160	-225 857	-225 072
Book value 31.12.	571 958	533 739	263 425	227 571
Accumulated difference between actual and planned depreciation 1.1.	193 167	168 924	116 721	106 899
Difference in depreciation difference 1.1.–31.12.	71 828	24 243	48 844	9 822
Accumulated difference between actual and planned depreciation 31.12.	264 995	193 167	165 565	116 721
12. Machinery and equipment				
Acquisition cost 1.1..	1 704 005	1 475 792	653 662	591 009
Exchange rate differences	11 630	4 990	-	-
Increases 1.l.–31.12.	218 652	266 264	68 755	67 403
Decreases 1.1.–31.12.	-63 485	-43 041	-18 928	-4 750
Acquisition cost 31.12.	1 870 802	1 704 005	703 489	653 662
Accumulated planned depreciation 31.12.	-1 040 096	-922 472	-449 384	-422 219
Book value 31.12.	830 706	781 533	254 105	231 443
Accumulated difference between actual and planned depreciation 1.1.	346 813	318 048	140 268	142 708
Exchange rate differences	582	-138	-	-
Change in depreciation difference 1.1.–31.12.	24 844	28 903	25 198	-2 440
Accumulated difference between actual and planned depreciation 31.12.	372 239	346 813	165 466	140 268
Machinery and equipment, of the book value 31.12.	766 471	746 780	238 497	216 873
13. Other tangible assets				
Acquisition cost 1.1.	10 209	4 236	1 451	1 456
Exchange rate differences	-141	-4	-	-
Increases 1.1.–31.12.	3 386	6 182	84	75
Decreases 1.1.–31.12.	-679	-205	-8	-80
Acquisition cost 31.12.	12 775	10 209	1 527	1 451
Accumulated planned depreciation 31.12.	-4 571	-2 800	-	-8
Book value 31.12.	8 204	7 409	1 527	1 443
Accumulated difference between actual and planned depreciation 1.1.	-104	-104	-	-
Change in depreciation difference 1.1.–31.12.	-137	-	-	-
Accumulated difference between actual and planned depreciation 31.12.	-241	-104	-	-
TAX VALUE OF FIXED ASSETS				
Consolidated data on Group companies in Finland				
Land areas	8 167	8 238	4 533	4 870
Buildings	250 073	233 833	150 757	124 124
Shares and holdings				
Shares and holdings in Group companies	-	-	539 158	526 432
Other shares and holdings	71 672	47 106	50 952	36 295

14. GROUP SHAREHOLDINGS UNDER FIXED ASSETS

	Group holding %	Group voting right %	Group share of equity FIM 1,000	Parent company holding %	Shares/holdings of parent company No. 31.12.1997	Nominal value 31.12.1997 FIM 1,000/ currency 1,000	Book value 31.12.1997 FIM 1,000	Book value in other Group companies FIM 1,000
Group companies								
Autumninvest Oy, Raisio	100.00	100.00	94	-	-	-	-	-
Benerol Oy, Helsinki	100.00	100.00	13	100.00	120	15	16	-
P.T. Budi Raisio International, Indonesia	50.00	50.00	1 561	-	-	-	-	6 471
Canelo Oy, Raisio	100.00	100.00	2 076	-	-	-	-	6 740
Carlshamn Mejeri AB, Sweden	100.00	100.00	29 735	-	-	-	-	26 310
Carlshamn Mejeri Förvaltnings AB, Sweden	100.00	100.00	686	-	-	-	-	205 544
Claymore Chemicals Ltd, Scotland	100.00	100.00	4 871	-	-	-	-	7 898
Diachem Pacific Northwest Inc., USA	100.00	100.00	-3 956	-	-	-	-	378
Emerillon Polymers Inc., Canada	50.00	50.00	2 425	-	-	-	-	2 042
Emsland-Raisio Chemie GmbH, Germany	51.00	51.00	611	-	-	-	-	818
Flootek AB, Sweden	100.00	100.00	4 867	-	-	-	-	2 975
Flootek International AB, Sweden	100.00	100.00	72	-	-	-	-	65
Foodie Oy, Raisio	100.00	100.00	21 275	100.00	20 000	20 000	9 000	-
P.T. Intercipta Kimia Pratama, Indonesia	50.00	50.00	7 518	-	-	-	-	24 601
Inversiones Raisio Holdings Limitada, Chile	100.00	100.00	-	100.00	-	-	-	-
Oy Kationi Ab, Raisio	90.00	90.00	27 171	-	-	-	-	13 908
Lapuan Peruna Oy, Lapua	67.87	67.87	25 222	67.87	2 715	272	19 519	-
Melia Ltd, Raisio	75.00	75.00	204 755	75.00	270 000	270 000	219 799	-
Melia Eesti AS, Estonia	100.00	100.00	4	-	-	-	-	4
Monäs Feed Oy Ab, Uusikaarlepyy	99.70	99.70	22 346	-	-	-	-	6 653
Paperion Chimie S.A., France	100.00	100.00	13 656	-	-	-	-	21 234
Pelzer & Röhrl GmbH & Co. KG, Germany	100.00	100.00	703	-	-	-	-	6 570
PR Oel- und Chemieprodukte GmbH, Germany	100.00	100.00	147	-	-	-	-	151
Raisio Belgium N.V., Belgium	100.00	100.00	25 378	-	-	-	-	25 771
Raisio Benecol Oy, Raisio	100.00	100.00	50	100.00	50	50	50	-
Raisio Benecol US Inc., USA	100.00	100.00	403	100.00	-	-	-	-
Raisio Catering Oy, Raisio	100.00	100.00	77	100.00	50	50	50	-
Raisio Chemicals Ltd, Raisio	100.00	100.00	123 074	100.00	36 000	36 000	104 809	-
Raisio Chemicals Argentina S.A., Argentina	51.00	51.00	-	-	-	-	-	276
Raisio Chemicals Canada, Inc., Canada	100.00	100.00	21 310	-	-	-	-	42 159
Raisio Chemicals Chile S.A., Chile	51.00	51.00	1 530	-	-	-	-	1 301
Raisio Chemicals Holding GmbH, Germany	100.00	100.00	2 955	-	-	-	-	3 263
Raisio Chemicals Holdings Canada, Inc., Canada	100.00	100.00	16 186	-	-	-	-	29 394
Raisio Chemicals Italia S.R.L., Italy	51.00	51.00	2 197	-	-	-	-	1 824
Raisio Chemicals Mexico S.A. de C.V., Mexico	51.00	51.00	361	-	-	-	-	221
Raisio Chemicals UK Ltd, England	100.00	100.00	27 194	-	-	-	-	36 018
Raisio Engineering Oy, Raisio	100.00	100.00	7 384	-	-	-	-	5 080
Raisio Echeveste S.A., Spain	51.00	51.00	2 041	-	-	-	-	2 462
Raisio France S.A., France	99.99	99.99	51 437	-	-	-	-	3 498
Raisio Inc., USA	100.00	100.00	12 670	-	-	-	-	702
Raisio Netherlands, B.V., Netherlands	100.00	100.00	-416	-	-	-	-	1 074
Raisio Nordic Oy, Raisio	100.00	100.00	70	100,00	100	100	100	-
Raisio Nordic Eesti AS, Estonia	100.00	100.00	144	-	-	-	-	152
Raisio Nordic International Ltd, England	100.00	100.00	-1 415	100,00	1 000 000	GBP 6 000	1 112	-
Raisio Polska Sp. z o.o., Poland	100.00	100.00	1 151	100,00	100	PLN 45	-	-
Raisio Polska Foods Sp. z o.o., Poland	100.00	100.00	12 969	-	-	-	-	45 276
Raisio Portugal - Produtos Quimicos, Lda, Portugal	51.00	51.00	771	-	-	-	-	2 611
Raisio Quimica Andina S.A., Colombia	51.00	51.00	372	-	-	-	-	277
Raisio Skandinavia Oy, Raisio	100.00	100.00	396	100,00	45	45	45	-
Raisio Staest Oy, Raisio	100.00	100.00	50	100,00	50	50	50	-
Raisio Staest US Inc., USA	100.00	100.00	592	100,00	-	-	-	-
Raisio Svenska AB, Sweden	100.00	100.00	3 223	-	-	-	-	1 406
Oy Raisional Ab, Raisio	100.00	100.00	17 704	-	-	-	-	29 645
Raision Lateksi Oy, Raisio	51.00	51.00	26 591	-	-	-	-	21 250
Raisio Feed Ltd, Raisio	100.00	100.00	45 511	100,00	10 000	10 000	10 000	-
Sterol Technologies Ltd, Raisio	65.00	65.00	17 242	65,00	6 500	650	14 966	-
Suomen Myllyt Oy, Raisio	100.00	100.00	16	-	-	-	-	20
Sweden Beech Sticks Holding AB, Sweden	100.00	100.00	34	-	-	-	-	34
Total							379 517	586 076
Associated companies								
Alahärmän Perunavarasto Oy, Alahärmä	67.94	42.00	589	67,94	1 712	514	514	-
SIA Amelija, Latvia	50.00	50.00	-15	-	-	-	-	43
Oy Atraco Ab, Turku	50.00	50.00	32 114	50,00	125 080	2 502	33 752	-
Derivados de Talloil S.A. (Detsa), Chile	49.00	49.00	-	-	-	-	-	7
Kouvolan Siilo Oy, Helsinki	50.00	50.00	283	50,00	50	50	51	-
Periva Oy, Kokemäki	50.00	50.00	371	50,00	208	208	208	-
AS Rigas Dzirnavnieks, Latvia	20.00	20.00	11 141		-	-	-	9 647
Sweden Beech Sticks HB, Sweden	20.00	20.00	827	-	-	-	-	226
Valmet-Raisio Oy, Turku	49.00	49.00	28 865	-	-	-	-	3 267
Vihannin Vedenpuhdistamo Oy, Vihanti	49.00	49.00	20	49,00	49	24	24	-
Vihervakka Oy, Pöytyä	38.50	38.50	2 117	38,50	770	192	182	-
WeSTerol Company LLC, USA	50.00	50.00	-	-	-	-	-	1 084
Total							34 731	14 274

Other shares and holdings of the parent company

	Holding %	No. 31.12.1997	Nominal value 31.12.1997 FIM 1,000	Book value 31.12.1997 FIM 1,000
Oy Elomatic Group Ltd, Turku	13.60	99 975	1 000	2 569
Ewco Oy, Helsinki	3.85	20	20	200
HEX Ltd, Helsinki	0.24	24 400	244	150
Kesko Oy, Helsinki	0.03	28 140	281	825
Lännen Tehtaat Oy, Säkylä	5.03	324 294	3 243	22 707
Merita Ltd, Helsinki	0.03	217 000	2 170	3 494
Naantalin Vapaasatama Oy, Naantali	0.62	10	50	100
As Oy Rapusaari, Toijala	3.85	385	39	171
Sampo Insurance Co., Turku	0.01	3 600	18	171
OKR - Issuers cooperative, Helsinki	0.82	4	80	160
Turku Fair Center Ltd, Turku	0.30	1 000	100	120
YIT Group Ltd, Helsinki	0.14	41 640	416	404
Other shares and holdings				1 279
Connection fees, transferable				2 178
Total				34 528

A complete list of subsidiaries in accordance with section 22d of the Finnish Accountancy Act is found in the notes to the official financial statements and is displayed at the company head office.

(FIM 1,000)	GROUP 1997	GROUP 1996	PARENT COMPANY 1997	PARENT COMPANY 1996
LONG-TERM INVESTMENTS AND LOAN RECEIVABLES/GROUP AND ASSOCIATED COMPANIES				
Loan receivables under long-term investments				
Group companies			475 220	372 163
Associated companies	-	530	-	530
INVENTORIES AND FINANCIAL ASSETS				
Receivables falling due within a year or longer				
Loan receivables	-	547	405 683	99 433
15. Receivables from Group and associated companies and liabilities to them				
Receivables from Group companies				
Accounts receivable			113 817	108 806
Short-term loan receivables			19 459	19 601
Prepaid expenses and accrued income			16 892	17 590
Other receivables			45 966	35 327
Liabilities to Group companies				
Short-term accounts payable			3 644	2 539
Accrued liabilities and deferred income			4 327	9 169
Other short-term liabilities			27 867	29 948
Receivables from associated companies				
Sales receivables	6 465	3 547	3 880	3 248
Loan receivables	104	-	-	-
Liabilities to associated companies				
Short-term accounts payable	688	6 425	429	445

(FIM 1,000)	GROUP 1997	GROUP 1996	PARENT COMPANY 1997	PARENT COMPANY 1996
SHAREHOLDERS' EQUITY				
Restricted shareholders' equity				
16. Share capital 1.1.	163 330	136 108	163 330	136 108
Share issue	-	27 222	-	27 222
Share capital 31.12.	163 330	163 330	163 330	163 330
17. Reserve fund 1.1.	526 997	336 441	526 476	335 924
Issue premium 1996	-	190 552	-	190 552
Transferred from profits	146	-	-	-
Other changes	250	4	238	-
Reserve fund 31.12.	527 393	526 997	526 714	526 476
Unrestricted equity				
18. Contingency fund 1.1.	9	-	-	-
Transferred from profits	71	9	-	-
Contingency fund 31.12.	80	9	-	-
19. Profits 1.1.	875 054	279 308	296 480	245 378
Effect of change in accounting principles	-	565 761	-	-
Dividend distributed	-34 871	-28 820	-32 666	-27 223
Minority dividends transferred to profits	1 833	1 596	-	-
Transferred to reserve fund	-146	-	-	-
Transferred to contingency fund	-71	-9	-	-
Other changes	-6 072	-162	-	-
Net profit for the year	84 295	57 380	138 868	78 325
Profits 31.12.	920 022	875 054	402 682	296 480
Distributable assets, of unrestricted equity	425 015	346 538	402 682	296 480

The company's share capital is divided between the two types of shares as follows

	1997 No.	1997 FIM 1,000	1996 No.	1996 FIM 1,000
Restricted shares (20 votes/share)	4 303 541	43 035	4 944 413	49 444
Free shares (1 vote/share)	12 029 442	120 294	11 388 570	113 886
Total	16 332 983	163 330	16 332 983	163 330

(FIM 1,000)	GROUP 1997	GROUP 1996	PARENT COMPANY 1997	PARENT COMPANY 1996
RESERVES				
20. Non-mandatory reserves				
Investment reserve				
Balance sheet value 1.1.	35 166	45 243	24 845	24 845
Decrease	-35 166	-10 077	-24 845	-
Balance sheet value 31.12.	-	35 166	-	24 845
Transition reserve				
Balance sheet value 1.1.	122 077	162 891	63 216	80 640
Decrease	-122 077	-40 814	-63 216	-17 424
Balance sheet value 31.12.	-	122 077	-	63 216
Other reserves				
Balance sheet value 1.1.	4 692	936	-	-
Conversion differences	-50	144	-	-
Increase	6 074	3 612	-	-
Balance sheet value 31.12.	10 716	4 692	-	-

(FIM 1,000)

	GROUP		PARENT COMPANY	
	1997	1996	1997	1996
21. LIABILITIES				
Liabilities falling due within five years or longer				
Loans from credit institutions	71 111	144 082	44 000	107 500
Pension loans	69 598	97 628	53 904	58 666
Total	140 709	241 710	97 904	166 166
Bonds				
Bond 1995/2000 8.25%	110 000	110 000	110 000	110 000
-annual repayment	-	-	-	-
Total	110 000	110 000	110 000	110 000
Interest-free debts				
Long-term liabilities	237 473	247 867	-	-
Short-term liabilities	714 859	667 603	237 832	254 086
Total	952 332	915 470	237 832	254 086
Interest-bearing net debt	849 640	707 591	-	-
CONTINGENT LIABILITIES				
For the Company				
Mortgages on real estates	518 046	597 185	18 450	35 350
Corporate mortgages	393 760	433 420	-	-
Pledges given	20 000	20 792	-	792
Leasing liabilities for the beginning financial year	11 656	11 311	4 815	4 971
Leasing liabilities for the following financial years	32 902	29 636	3 128	3 746
Pension liabilities	1 289	1 268	1 289	1 268
Other liabilities	45 325	29 118	13 000	13 000
For Group companies				
Mortgages on real estate			339 465	382 715
Corporate mortgages			161 000	161 000
Pledges given			20 000	20 000
Guarantees			570 953	509 120
Repurchase liabilities			23 858	25 524
For the associated companies				
Mortgages on real estate	1 000	1 000	1 000	1 000
Guarantees	21 742	16 688	16 587	12 915
For others	411	664	-	-
Value of underlying instruments in derivative contracts	383 058	136 028	-	-

SHARE CAPITAL AND SHARES

SHARE CAPITAL AND TYPES OF SHARE

The fully paid up share capital of Raisio Group plc is FIM 163,329,830. On December 31, 1997, the stock was divided into 4,303,541 restricted (Series K) and 12,029,442 free shares (Series V) with a nominal value of FIM 10. The company's minimum share capital is FIM 100,000,000 and maximum share capital FIM 400,000,000. Share capital can be raised or lowered within these margins without amending the Articles of Association (Article 4 of the Articles of Association).

The company shares were entered into the book-entry system on November 26, 1994. The marketplace for Raisio shares is Helsinki Exchanges: restricted shares are quoted on the official list and free shares on the brokers' list. The stock exchange code for a free share is RAIVV and the ISIN code FI 0009002943 and for a restricted share RAIKV and FI 0009800395.

Stock is divided into free shares (Series V) and restricted shares (Series K), with equal entitlement to equity and profits. At annual general meetings, each restricted share entitles the holder to 20 votes and each free share to one vote, though no single shareholder may hold votes equal to more than 15‰ of the total shares making up the company's current share capital. Similarly, no shareholder is entitled to exercise more than 1/10 of the total number of votes represented at a shareholders' meeting (Article 10 of the Articles of Association). Based on the number of shares making up current share capital, the highest number of votes per shareholder, without the above 1/10 restriction, is 244,994, representing the same number of free shares or 12,250 restricted shares, or a combination of the two.

Acquisition of restricted shares via assignment requires the approval of the Board of Directors. Approval is required even if the party acquiring the shares already owns restricted shares in the company. Approval must be given if the share recipient is a natural person whose primary occupation is farming. If approval is not given, the Board of Directors must convert the transferred restricted share into a free share (Articles 7 and 8 of the Articles of Association). The Board may also convert restricted shares into free shares on request, and likewise give advance information on whether the applicant is being granted permission to acquire restricted shares or not. In 1997, 640,872 restricted shares were converted into free shares.

Restricted shares concerning which the approval procedure is in progress or for which approval has not been sought will be retained in the 'waiting list' in the book-entry system until such time as they are entered in the share register as restricted shares following approval, assigned to another shareholder or converted into free shares.

SHAREHOLDINGS BY THE COMPANY MANAGEMENT AND WARRANT BOND

The members of the company Supervisory Board and the members and deputy members of the Board of Directors, the Chief Executive and the Deputy Chief Executive owned 251,068 restricted shares and 60,315 free shares on December 31, 1997. This accounts for 1.91% of the total number of shares and 2.17% of the maximum voting power. They further own 115 warrants issued to the Group management in 1993, i.e. 71.88% of the total.

In December 1993, the shareholders' meeting decided to issue a warrant bond worth a maximum of FIM 160,000 at nominal value. Departing from the practice of previous shareholders' first option, the bond was subscribed by members of the Raisio Group management (10 persons). The purpose of the bond was to reduce management turnover, to improve work motivation and to encourage commitment to the company, as part of the incentive system devised for Group management. The loan period is January 3, 1994–March 31, 1998, and the annual interest rate is 7.0%. A total of 160 bonds, each carrying one warrant, were issued.

Each warrant entitles the holder to subscribe 1,137 free shares at FIM 96.75 each. A maximum of 181,920 free shares can be subscribed against warrants during the subscription period (April 1–April 30, 1998), accounting for 1.11% of the current stock and 0.185% of the maximum voting power.

If warrant holders subscribe all the shares they are entitled to subscribe, the holding of members of the Supervisory Board and the members and deputy members of the Board of Directors, the Chief Executive and the Deputy Chief Executive amounts to 251,068 restricted shares (no change) and 191,070 free shares, i.e. 2.68% of the post-subscription number of shares and 2.28% of the corresponding votes.

SHAREHOLDER AGREEMENTS

Raisio Group plc does not have any information on shareholder agreements concerning the ownership of company shares and the use of voting power.

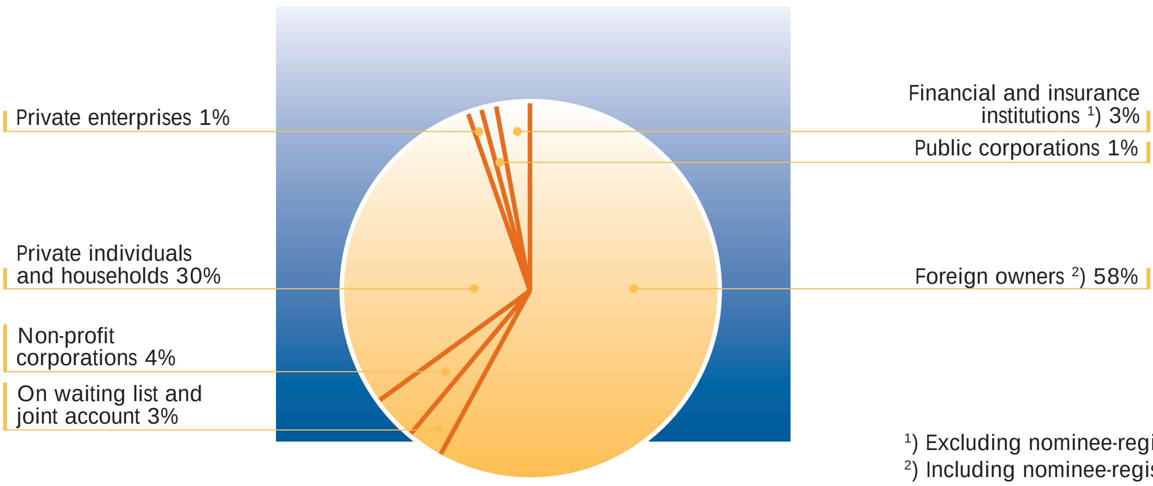
AUTHORITY TO RAISE SHARE CAPITAL

The Annual General Meeting of Raisio Group plc held on April 17, 1997 authorized the Board of Directors to decide on a maximum increase of FIM 10,000,000 in share capital in one or more new issues and/or to issue a convertible and/or warrant bond to an equivalent increase in share capital. The authorization includes the right to depart from the previous shareholders' first option. Subscription can also be on a non-cash issue basis or certain other terms. The authorization is valid until May 14, 1998 but has not been exercised so far.

INCREASE IN SHARE CAPITAL

Subscription period	Method	Terms of subscription	Nominal value FIM	Subscription price FIM	Number of new shares	Increase in share capital FIMm	New share capital FIMm	Right to dividend
13.12.1993–28.1.1994	New issue	5 V or K: 1 V	50	250.00	405,206	20.26	121.6	Half dividend 1993
12.4.1995	Directed issue for Raision Margariini shareholders	11 RM: 5 V	10	exchange	1,454,630	14.55	136.1	Full dividend 1995
10.6.–10.7.1996	New issue	5 V: 1 V 5 K: 1 K	10	80.00	2,722,163	27.22	163.3	Full dividend 1996

BREAKDOWN OF SHARES



1) Excluding nominee-registered
2) Including nominee-registered

BREAKDOWN OF SHARE CAPITAL, DECEMBER 31, 1997

	No. of shares	% of total shares	% of total votes
Free shares	12 029 442	73.6	12.3
Restricted shares	4 303 541	26.4	87.7
Total	16 332 983	100.0	100.0

In 1997, altogether 640,872 restricted shares were converted into free shares.

DISTRIBUTION OF SHAREHOLDERS, DECEMBER 31, 1997

	Free shares				Restricted shares			
Shares	Shareholders		Shares		Shareholders		Shares	
No.	No.	%	No.	%	No.	%	No.	%
1 – 100	7 544	67.2	279 780	2.3	4 877	56.1	183 193	4.3
101 – 500	2 886	25.7	647 740	5.4	2 501	28.8	588 414	13.7
501 – 1000	521	4.6	367 806	3.0	679	7.8	483 662	11.2
1001 – 2500	202	1.8	315 019	2.6	439	5.0	677 576	15.7
2501 – 5000	39	0.4	140 090	1.2	141	1.6	472 125	11.0
5001 –	34	0.3	10 233 447	85.1	61	0.7	1 425 337	33.1
on waiting list							386 606	9.0
in joint account			45 560	0.4			86 628	2.0
Total	11 226	100.0	12 029 442	100.0	8 698	100.0	4 303 541	100.0

On December 31, 1997, Raisio Group plc had a total of 14,355 registered shareholders.

25 BIGGEST SHAREHOLDERS ON DECEMBER 31, 1997

	Series K No.	Series V No.	Total No.	Total %	Votes No.	Votes %
Central Union of Agricultural Producers and Forest Owners	450 038		450 038	2.8	244 994	0.22
Tapiola Mutual Insurance Company	200 000	111 700	311 700	1.9	244 994	0.22
Brotherus Ilkka	16 254	157 242	173 496	1.1	244 994	0.22
Local Government Pension Institutions		163 500	163 500	1.0	163 500	0.17
Langh Hans	65 448		65 448	0.4	244 994	0.22
Haavisto Maija	39 402	25 818	65 220	0.4	244 994	0.22
Haavisto Heikki	52 020	12 000	64 020	0.4	244 994	0.22
Haavisto Antti	38 214	17 214	55 428	0.3	244 994	0.22
Haavisto Erkki	37 994	17 226	55 220	0.3	244 994	0.22
Haavisto Ilkka	38 076	16 008	54 084	0.3	244 994	0.22
Myllymäki Erkki	39 282	12 608	51 890	0.3	244 994	0.22
Pension-Varma Mutual Insurance Company		48 400	48 400	0.3	48 400	0.05
Oy Atraco Ab	46 728		46 728	0.3	244 994	0.22
Varsinais-Suomi Union of Agricultural Producers Support Fund	42 498	1 694	44 192	0.3	244 994	0.22
Central Union of Swedish-speaking Agricultural Producers	38 900		38 900	0.2	244 994	0.22
Raisio Group Research Foundation	23 751	5 466	29 217	0.2	244 994	0.22
Tapiola Mutual Pension Insurance Company		24 880	24 880	0.2	24 880	0.02
Silén Bengt	12 756	9 200	21 956	0.1	244 994	0.22
Langh Laura	12 702	8 112	20 814	0.1	244 994	0.22
City of Turku Insurance Fund	20 300		20 300	0.1	244 994	0.22
Tapiola Mutual Life Assurance Company		18 752	18 752	0.1	18 752	0.02
Tallberg Carl-Johan		16 800	16 800	0.1	16 800	0.02
Kytövuori Heikki	4 626	11 558	16 184	0.1	104 078	0.11
Johansson Bjarne, death estate	13 434	1 700	15 134	0.1	244 994	0.22
von Limburg-Stirum Mariana	15 010		15 010	0.1	244 994	0.22

Shares registered under foreign ownership, including nominee registrations, totalled 9,453,202 on December 31, 1997, or 57.9% of the total.

GROUP INDICATORS

	1993	1994	1995	1996	1997
SHARE-SPECIFIC INDICATORS					
Earnings per share (EPS), FIM	18.74	9.68	6.16	4.08	8.27[2)]
Equity per share, FIM	86.48	81.27	85.36	95.84	98.62
Dividend per share, FIM	1.40	1.58	1.76	2.00	3.00[1)]
Dividend per earnings, %	7.47	16.32	28.56	48.99	36.26
Effective dividend yield, %					
Free shares	1.70	2.26	2.86	0.69	0.46
Restricted shares	1.76	2.17	3.00	0.71	0.47
P/E ratio					
Free shares	4.4	7.2	10.0	71.2	78.2
Restricted shares	4.2	7.5	9.5	68.6	76.9
SHARE VALUE					
Adjusted average quotation, FIM					
Free shares	69.54	101.65	59.25	228.01	497.65
Restricted shares	67.38	101.12	63.04	223.91	489.19
Adjusted lowest quotation, FIM					
Free shares	41.13	68.47	47.40	61.88	289.00
Restricted shares	40.43	66.06	45.80	59.89	281.00
Adjusted highest quotation, FIM					
Free shares	91.29	129.91	80.76	339.90	652.00
Restricted shares	89.84	123.31	78.39	330.00	645.00
Adjusted quotation 30.12, FIM					
Free shares	82.32	69.98	61.48	290.81	646.82
Restricted shares	79.49	72.96	58.57	280.00	635.89
Market capitalization 30.12, FIMm					
Free shares	380.8	557.1	593.0	3,311.9	7,780.9
Restricted shares	629.1	428.1	342.1	1,384.4	2,736.6
Total	1,009.9	985.2	935.1	4,696.3	10,517.5
TRADING IN SHARES					
Trading, FIMm					
Free shares	401.5	464.0	277.8	3,390.5	4,373.5
Restricted shares	111.6	81.6	5.1	271.9	288.0
Total	513.1	545.6	282.9	3,662.4	4,661.5
Number of shares traded					
Free shares, 1,000 shares	4,596	4,007	4,116	16,097	8,788
%	123.2	64.7	51.1	150.6	75.1
Restricted shares, 1,000	1,248	711	72	1,287	589
%	19.5	12.1	1.4	24.8	12.7
NUMBER OF SHARES					
Average adjusted number of shares, 1,000 shares					
Free shares	4,626	7,060	9,174	10,690	11,709
Restricted shares	7,914	6,676	5,848	5,200	4,624
Adjusted number of shares 31.12., 1,000 shares					
Free shares	4,626	7,961	9,645	11,389	12,029
Restricted shares	7,914	5,868	5,840	4,944	4,304

1) According to the Board proposal
2) If the effect of the warrant bond is taken into account, earnings per share in 1997 amounted to FIM 8.21.

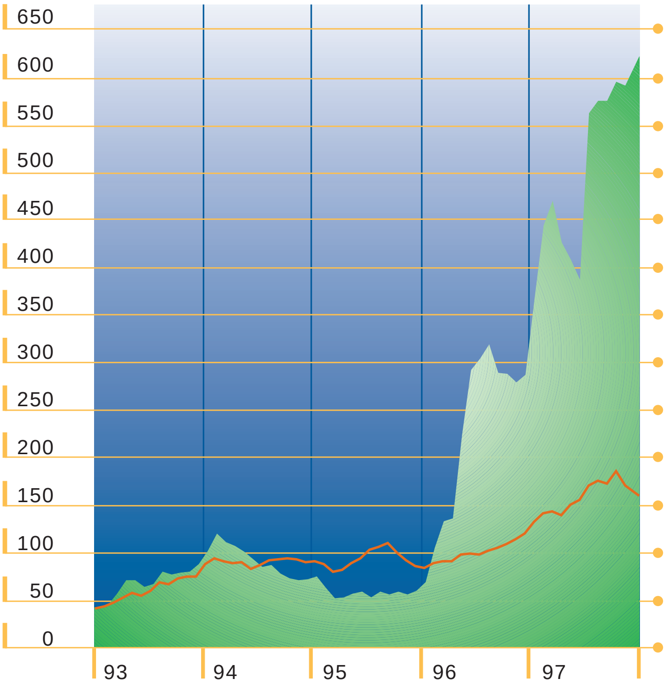
TRENDS ON THE STOCK EXCHANGE

PRICES OF RAISIO GROUP PLC FREE SHARES (SERIES V)
ON THE HELSINKI EXCHANGES

Change in nominal value and share issues taken into account as an adjustment.

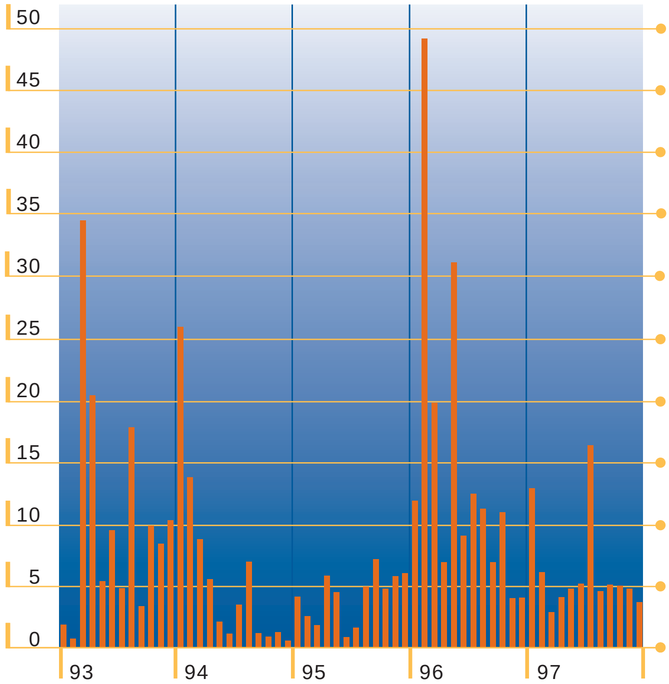
Avarage quotation
HEX All Share Index

FIM



RAISIO GROUP PLC FREE SHARES (SERIES V)
PERCENTAGE TRADING ON THE HELSINKI EXCHANGES

% of total share series



PRICES OF RAISIO GROUP PLC RESTRICTED SHARES (SERIES K)
ON THE BROKERS´ LIST

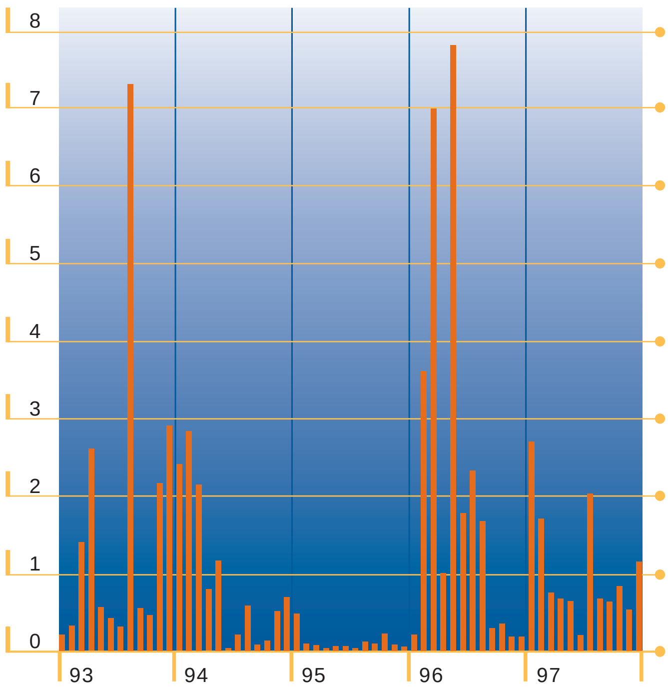
Change in nominal value and share issues taken into account as an adjustment.

Avarage quotation

FIM

RAISIO GROUP PLC RESTRICTED SHARES (SERIES K)
PERCENTAGE TRADING ON THE BROKERS´ LIST

% of total share series



COMPUTATION OF INDICATORS

Return on equity % (ROE)

$$\frac{\text{Profit before extraordinary items – taxes}}{\text{Shareholders' equity + minority interest (average)}} \times 100$$

Return on investment % (ROI)

$$\frac{\text{Profit before extraordinary items + interest and other financial expenses}}{\text{Balance sheet total – interest-free debts (average)}} \times 100$$

Equity ratio %

$$\frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total – advances received}} \times 100$$

Quick ratio

$$\frac{\text{Financial assets}}{\text{Current liabilities per balance sheet}}$$

Current ratio

$$\frac{\text{Financial assets + inventories}}{\text{Current liabilities per balance sheet}}$$

Earnings per share (EPS)

$$\frac{\text{Profit before extraordinary items – taxes –/+ minority interest}}{\text{Average number of shares for the year, adjusted for share issues}}$$

Equity per share

$$\frac{\text{Shareholders' equity}}{\text{Number of shares at December 31, adjusted for share issues}}$$

Dividend per share, adjusted for share issues

$$\frac{\text{Dividend distributed for the year}}{\text{Adjustment coefficient for share issues launched after the financial period}}$$

Dividend per profit %

$$\frac{\text{Dividend per share}}{\text{Profit per share}} \times 100$$

Effective dividend yield %

$$\frac{\text{Dividend per share, adjusted for share issues}}{\text{Average quotation adjusted for share issues and weighted with trading volumes at December 31}} \times 100$$

P/E ratio

$$\frac{\text{Average quotation adjusted for share issues and weighted with trading volumes at December 31}}{\text{Profit per share}}$$

Market capitalization

Average quotation adjusted for share issues and weighted with trading volumes at December 31 x number of shares at December 31

BOARD'S PROPOSAL FOR THE DISPOSAL OF PROFIT

Unrestricted equity according to the consolidated balance sheet at December 31, 1997 is FIM 920,102,398.10. According to the balance sheet on December 31, 1997, the unrestricted equity of the parent company is as follows:

Retained earnings	FIM 263,814,343.88
Net profit for the year	FIM 138,867,615.44
Total	FIM 402,681,959.32

The Board of Directors proposes that a dividend of FIM 3.00 per share be distributed from the shareholders' equity of the parent company on 16,332,983 shares.

total	FIM 48,998,949.00
and that the remainder be transferred to the retained earnings account	FIM 353,683,010.32
Total	FIM 402,681,959.32

The Board of Directors further proposes that distribution of dividend should begin when the matching period ends, i.e. on April 21, 1998.

Raisio, February 18, 1998

Heikki Haavisto Matti Linnainmaa

Arto Lampinen Kaj Lönnroth Kaarlo Pettilä

Arimo Uusitalo Pertti Vuola Matti Salminen
Chief Executive

TRANSLATION OF THE AUDITORS' REPORT

TO THE SHAREHOLDERS OF RAISIO GROUP PLC

We have audited the accounting records and the financial statements, as well as the administration of Raisio Group plc for the period ended December 31, 1997. The financial statements, which include the report of the Board of Directors, consolidated and parent company income statements, balance sheets and notes to the financial statements, have been prepared by the Board of Directors and the Chief Executive. Based on our audit we express an opinion on these financial statements and the company's administration.

We have conducted our audit in accordance with Finnish Generally Accepted Auditing Standards. Those standards require that we plan and perform the audit in order to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration has been to examine that the Supervisory Board, the Board of Directors and the Chief Executive have complied with the Finnish Companies Act.

In our opinion, the financial statements have been prepared in accordance with the Finnish Accounting Act and other rules and regulations governing the preparation of financial statements in Finland. The financial statements give a true and fair view, as defined in the Accounting Act, of both the consolidated and parent company result of operations, as well as of the financial position. The financial statements can be adopted and the members of the Supervisory Board, the Board of Directors and the Chief Executive of the parent company can be discharged from liability for the period audited by us. The proposal made by the Board of Directors on how to deal with the retained earnings is in compliance with the Finnish Companies Act.

We have reviewed the interim reports made public by the company during the year. It is our understanding that the interim reports and statements have been prepared in accordance with the rules and regulations governing the preparation of such reports in Finland.

Raisio, February 23, 1998

Thor Nyroos
APA

Esa Kailiala
APA

STATEMENT OF THE SUPERVISORY BOARD

At its meeting today, the Supervisory Board examined the Board of Directors' report on company operations for the financial year January 1, 1997 – December 31, 1997 and the attached financial statements, and studied the auditors' report, in accordance with the Articles of Association.

The Supervisory Board concurs with the Board of Directors' proposal for the disposal of profits.

The members of the Supervisory Board in turn to resign are Hannu Auranen, Juhani Enkovaara, Erkki Haavisto, Anders af Heurlin, Juho Koivisto, Erkki S. Koskinen, Vesa Lammela, Hans Langh, Pekka Raipala and Ilmo Seppälä.

Raisio, March 16, 1998

For the Supervisory Board
Vesa Lammela
Chairman

ENVIRONMENTAL ISSUES

New 600-gram TPR containers were introduced for Keiju margarines. This new material reduces the need for plastic and aluminum in packaging, and the packages can be disposed of by burning.

ENVIRONMENTAL POLICY IN THE RAISIO GROUP

The Raisio Group develops, manufactures and markets foodstuffs, animal feeds and chemical products. In so doing, it observes the principles of sustainable development, and of protecting nature and the environment.

We are committed to the ‘Business Charter for Sustainable Development’ (International Chamber of Commerce, 1990). In addition, Raisio Chemicals participates in the chemical industry’s international ‘Responsible Care’ programme. Thus we are committed to continuous upgrading of our operations in respect of the environment, health and safety.

We require each of the Group’s divisions to have an environmental management and control system. Each division is responsible for setting detailed goals under the Group’s environmental policy and for attaining them.

Our environmental principles apply to all Group activities around the world. We undertake to observe all local, national and international regulations and agreements bearing on our operations.

We use renewable natural resources almost exclusively as raw materials. In cooperation with our contract farmers and other subcontractors, we are developing methods for producing and procuring raw materials which take full account of the environment. In choosing our partners, we value companies, communities and individuals that show awareness of environmental issues.

We develop and market products and methods which are safe to use, environmentally sound and less harmful to the environment. In planning production processes, and in our product development, we take health, safety and the environment into account throughout the product lifecycle.

We strive to use raw materials, materials and energy economically and to reduce the amount of waste and emissions we generate in both production and transportation. Thanks to the Group’s internal synergy, we are able to use our raw materials to the fullest possible extent.

We prefer packaging materials which are recyclable and present no hazard to the environment.

We report openly and honestly on the environmental, health and safety impact of our activities. Our cooperation with the authorities and the public must be based on trust and continuity.

We train and motivate our staff to take responsibility for the environmental impact of their activities and to strive to promote safety, health and environmental protection.

Raisio, December 16, 1997

Raisio Group plc
Board of Directors

ENVIRONMENTAL ACTION AND EVENTS

The Margarine Division's environmental goals concentrate on waste sorting and recycling, and on the quality and volume of packaging materials.

Most of Raision Margariini's waste is sorted and recycled. The Group's environmental unit has audited its waste management and found it feasible.

Raision Margariini started developing an aluminium-free wrap and lightweight oil bottles and canisters. New materials will probably be adopted in 1998. The amount of corrugated board used in transportation has been reduced by 10 per cent; with an annual consumption of 6.5 million sheets of board, this saving is significant.

Carlshamn Mejeri is known for its environmentally sound policies. It was the first to adopt TPR (Tetra Pak Research) material for packaging margarine and edible oil, and this use is expanding. TPR has reduced the amount of plastic, and aluminum has been replaced completely with calcium. Unbleached board manufactured without using harmful chemicals has been chosen for transportation packaging.

For several years now, the company has had a target programme which has helped us to considerably reduce energy consumption, the amount of waste needing to be taken to landfill sites, and the amount of organic oxygen-consuming substances in wastewater.

As a member of the NGM network for goods transportation and the environment, Carlshamn Mejeri will be active in steering development towards new, environmentally sound transport solutions.

Raisio Feed was granted an ISO 14001 environmental certificate in May 1997. In January 1998 this was extended to cover the company's entire operations and all five production plants.

The optimization of feed mixes in order to reduce nitrogen and phosphorus emissions has been studied in cooperation with the University of Helsinki and the Agricultural Research Centre. Low-protein feeding reduces the amount of nitrogen in the urine of pigs by 32 per cent, by 18–24 per cent in chicken manure and by as much as 30–40 per cent in the case of broiler chicken. This will improve the growing conditions of the animals and employees' working conditions considerably.

The sacks used for packaging Melli minerals have been redesigned and are now suitable for recycling, composting and burning. BioSafe 32 L rape seed oil was adopted for the hydraulics of fork-lift trucks and bulk feed vehicles in the Animal Feeds Subdivision.

The Grain Starch Subdivision has an ISO 14001 certificate. The Malting Subdivision aims to have its environmental system certified by the end of 1998.

Raisio Chemicals has a certified ISO 14001 environmental system covering the whole of Finland. Work has started to build a system at the most important foreign units.

The Finnish Supreme Administrative Court issued favourable rulings in the appeals concerning the Mietoinen fine chemicals factory environmental permit and the special construction permit. Building started in June 1997, and the factory went on stream at the end of January 1998. The product, a cationic chemical, was listed in the EU's 'third priority list' for the risk evaluation of existing substances. Raisio Chemicals is participating in risk evaluation, with other European producers of cationic chemicals.

Anjalankoski latex factory invested in treatment units to bring the residuals evaporating from latexes down to a sufficiently low level.

Raisio Chemicals issues a separate environmental report each year. Development of environmental management and reporting began at Group level. The aim is to build environmental systems for all subdivisions by the year 2000. Environmental reporting will begin in 1998.

Symbols indicating that Raisio Feed has been granted quality and environmental certificates are on all vehicles carrying bulk feed.

BENECOL DIVISION

The first stanol ester product of all time, Benecol® margarine, was introduced on the Finnish market in November 1995.

BACKGROUND

The cholesterol-lowering effect of plant sterols was known as early as the 1950s, and ever since that time scientists all over the world have been studying plant sterols and their properties.

In 1972, a project led by Professor Pekka Puska was launched in North Karelia. The purpose of the project, which enjoyed international prestige, was to reduce the high cardiovascular disease rates in that region.

President Martti Ahtisaari of Finland presented the Benecol research team with the prestigious Innosuomi Award in December 1996.

In 1988, the Department of Pharmacy at the University of Helsinki started cooperation with the Helsinki and Turku University Central Hospitals and the Raisio Group aimed at studying the effect of rape seed oil on blood cholesterol levels. Professor Tatu Miettinen, who had already done extensive research on fat metabolism, suggested research on plant sterols to the Raisio Group.

The following year, R&D Manager Ingmar Wester of Raisio's Margarine Subdivision and his research team found a way of turning plant sterol into fat-soluble stanol ester suitable for food production. A patent application was filed in 1991. This started a period of intense research aimed at producing indisputable evidence of the cholesterol-reducing effect of stanol ester. In 1993, the North Karelia project launched a long-range stanol ester study as part of its other clinical research.

The digestive tract receives cholesterol from two sources, i.e. food and the human body itself. Normally some 50 per cent of the cholesterol that enters the digestive tract is disposed of and the rest is absorbed by the body. Fat-soluble plant stanol was shown to efficiently prevent the absorption of cholesterol. In a diet containing stanol ester, 80 per cent of the cholesterol entering the digestive tract is disposed of and only some 20 per cent is absorbed by the body. The plant stanol itself is not absorbed, but disposed of naturally.

BENECOL® MARGARINE

The findings of the North Karelia stanol research project were published in the New England Journal of Medicine in November 1995. At the same time, the first patents were issued for the production and use of stanol ester.

The first stanol ester product, Benecol margarine, was introduced on the Finnish market. The interest it aroused soon exceeded all expectations both in Finland and internationally. The registered name Benecol® has since been confirmed as the common name for all products containing stanol ester.

Production of stanol ester began with experimental equipment, which limited the supply. The availability of plant sterol, the raw material, was another restricting factor. All plants contain small amounts of plant sterol, but it can be recovered economically only from plants processed in very large quantities. Since there had been no significant demand for plant sterols, no investments had been made in separation facilities.

Looking back today, we can estimate that only two thirds of the immediate demand could be satisfied in Finland in 1996 because of the above restrictions.

Extensive international negotiations began in 1996 concerning the production and marketing of Benecol products, and while they were going on no new Benecol products could be introduced even in Finland.

In October 1997, the Benecol Division got new built laboratory facilities at the R&D Center in Raisio. Research assistant Jari Palin uses a liquid chromatograph to develop methods for determining plant sterols.

ORGANIZATION

The Benecol project started in what was then the Margarine Subdivision. In March 1966, a special Benecol Unit was formed within the Foodstuffs Division to expand procurement of plant sterol, to be responsible for the production of stanol ester and to deal with international commercialization. The Group's Margarine Division is still responsible for the production and marketing of Benecol margarine.

As from the beginning of June 1997, the Benecol business was organized as its own Division at Group level (Benecol Division). The new organization provides more scope for the significant growth and globalization predicted in this sector.

As from the beginning of 1998, Benecol operations were also concentrated in a new subsidiary, Raisio Benecol Ltd, owned in full by Raisio Group plc.

JOHNSON & JOHNSON COOPERATION

In July 1997, the Raisio Group signed a cooperation agreement with the American McNeil Consumer Products Company, which is part of the Johnson & Johnson group. The contract gives McNeil the sole right to use the Benecol trademark and patents on the US, Canadian and Mexican markets. The Raisio Group retains the right to supply the stanol ester required for the products. McNeil aims to introduce the first products during 1998. Raisio received a lump payment for assignment of these licence rights and will receive remunerations related to operative development and royalties for the sales of Benecol products and for deliveries of stanol ester.

Johnson & Johnson is the world's biggest and most versatile producer of health-related products. Its turnover totalled USD 21.6 billion in 1996 and it has 170 operative companies in 50 countries.

In November, a new letter of intent was signed, which will extend cooperation with Johnson & Johnson to global dimensions. Europe and Japan will take their places by the side of the United States as the chief Benecol markets. The agreement also includes a plan to strengthen the position of the Benecol brand by cooperating with other companies producing strong brands that fit in with the Benecol product family. The letter of intent led to a final agreement on March 2, 1998.

These agreements confirm the principle that the Raisio Group will keep the entire production of stanol ester in its own hands and will develop Benecol production and marketing in Finland and neighbouring areas. Global marketing will be carried out with a strong and skilled cooperation partner.

The headquarters of Raisio Benecol's cooperation partner McNeil Consumer Products Company in Fort Washington, Pennsylvania.

Head of laboratory Ritva Lahtinen looking at plant sterol and the stanol ester refined from it.

PLANT STEROL ACQUISITION

The plant sterol needed to produce stanol ester has from the very beginning been supplied by Kaukas Oy, which is part of the UPM-Kymmene Group. Kaukas separates the sterol during the pulp cooking process and is a pioneer in sterol separation techniques.

In April 1997, Raisio and UPM-Kymmene set up a joint venture called Sterol Technologies Ltd. Raisio's holding is 65 per cent. The company develops sterol separation methods and markets them to the forest industry. In October, Sterol Technologies began to build an experimental sterol recovery unit at the Kaukas Mill, which is scheduled for completion in March 1998.

An agreement was made with the French company Les Dérivés Résiniques et Terpéniques to achieve a major increase in its sterol production. The new plant covered by the agreement should go on stream in 1999. The entire additional capacity has been reserved for Raisio Benecol.

In August, a letter of intent was signed with the American Westvaco Corporation on cooperation in studying ways of producing plant sterol in America. The aim is to build a sterol production plant in South Carolina, to go on stream in 2000.

In November, an agreement was signed with the Chilean company Härting S.A. on establishing a joint venture called Detsa S.A. in Chile. Raisio's holding is 49 per cent. Detsa will build a sterol plant, and Sterol Technologies will be responsible for the technology.

When the Detsa plant is completed in 1999, Raisio Benecol will have close on 4,000 tonnes of raw sterol a year at its disposal. Refined into stanol ester, this amount will satisfy the daily needs of four million people. If the percentage of population accounted for by users of Benecol settles at the same level as in Finland, this amount will be sufficient to supply markets comprising close on 200 million consumers.

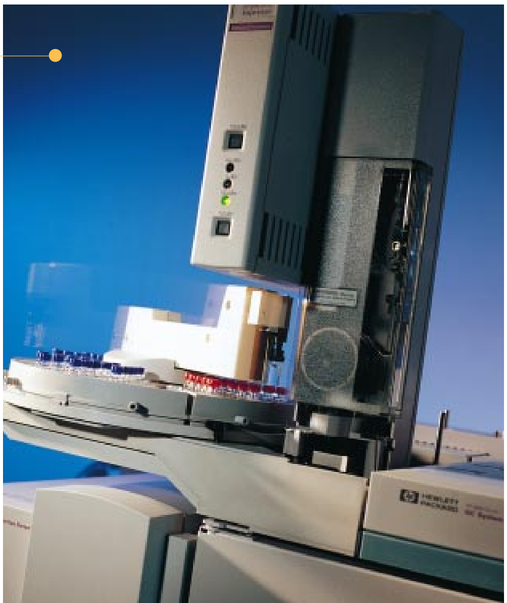
STANOL ESTER PRODUCTION

The first stanol ester plant was completed in Raisio in December 1996. It was a prototype designed within the company, and development has taken place alongside daily production. A decision to build another adjoining unit had already been made when the McNeil negotiations prompted a change of plan.

Technical advance planning for a stanol ester plant to be built in the US started in June 1997. In November, a decision was made: Raisio Staest US Inc, a subsidiary of Raisio Benecol Ltd, would build a stanol ester plant near Charleston, South Carolina, scheduled to go on stream in early 1999. The investment totals USD 22 million. The building project is related to the contract made with McNeil. At the beginning of Benecol marketing, McNeil will get stanol ester from the expanded Raisio plant. When the stanol ester plant in South Carolina is ready, stanol ester production capacity will be four times the 1997 level.

The first stanol ester plant was completed in Raisio in December 1996.

An automatic sampler in a combined gas chromatograph and mass spectrometer used for analysing the structure of various compounds and identifying sterols.



MARGARINE DIVISION

Voimix margarine, first designed for the Finnish market, has since emerged as a major export item, with a substantial market share in the St. Petersburg area in Russia, for instance.

As of December 1997, Raisio's Margarine Subdivision has been a Division of its own, comprising three units: Raision Margariini in Finland, Carlshamn Mejeri in Sweden and Raisio Polska Foods in Poland.

Margarine Division turnover reached FIM 1.7 billion, doubling on the previous year. This rapid upward swing is explained by the purchase of Carlshamn Mejeri AB at the end of 1996 and growth in exports by all three production units. The Division's expansion into world markets is well illustrated by the fact that only just over 10 per cent of Raisio's entire margarine output was sold on the Finnish market in 1997. Raisio's large market share and good profitability in Finland have constituted a solid foundation for success, but international business will play an increasingly significant role in the future.

Exports to Russia are extremely important in terms of the Margarine Division's capacity utilization and profitability. Exports expanded according to a carefully considered plan, and the results were good: the Raisio Group now caters for an estimated 20 per cent of the entire Russian margarine market, and as much as 40 per cent in the St.Petersburg area. In Estonia, Raisio is the market leader, with a 45 per cent market share. The key export products are Voimix and Dolina Skandi.

Raisio Polska Foods started to show a small profit, which was a major rationalization success as the company had recorded a considerable loss the previous year.

The Swedish identity of Carlshamn Mejeri was not interfered with, and the takeover was carried out in a controlled manner. The company retained its large market shares in Sweden, while exports developed favourably. Profits were above budget throughout the year.

Introduction of Benecol products was delayed on the Finnish market because of extensive licence negotiations at Group level and the need to adopt a common approach on all markets.

The Raisio Group is the second biggest margarine producer in the Baltic region, and the third biggest in Europe. A new operating model and management system will back up the operations of the entire Margarine Division in 1998, while prospects continue to look promising.

RAISION MARGARIINI

Total consumption of edible fats went down in Finland, a trend that appears likely to continue. Margarine consumption, too, fell by some 4 per cent, although it had been either stable or on the rise in previous years.

The current trend faces product development with a challenge. Solutions meeting user expectations better will have to be developed. The new low-fat Trim bread spread and cheese introduced on the market in 1997 are examples of future products. The Bel Ami cream cheese selection was expanded; production of cream cheeses will be moved from the small unit operating in Kemiö to Raisio, opening up new opportunities for development.

Sunnuntai baking products have been popular for 30 years. Sunnuntai margarine was introduced at the beginning of 1968.

The Raision Margariini R&D department participated in an EU project studying the effects of polyunsaturated trans-fatty acids on human health. No significant negative effects have been found so far.

Because of the negative public reaction to the use of gene manipulated soy, soybean oil was replaced in all domestic products. Kevyempi Keiju replaced soy protein with a milk-based protein. Lactose-free Keiju was developed into a general-purpose milk-free, soy-free margarine, particularly well suited to those suffering from allergies. The animal-based gelatine thickening agent in Kevyt Maukas was replaced with plant-based pectin.

Raision Margariini is the market leader in Finland, with a share of more than 50 per cent. The share accounted for by imported new qualities that entered the market on Finland's accession to the EU settled at less than 5 per cent, so did not present a threat on the expected scale.

In autumn 1997, Raision Margariini introduced a representative selection of Carlshamn Mejeri ice-creams on the Finnish market.

Keiju and Sunnuntai were the most successful consumer products. Sunnuntai margarine has had a strong popular status for over thirty years now. Sales of Benecol margarine rose by 50 per cent. Intensified cooperation helped Raisio to retain key buyers of bakery margarines, and the market share of Raisio's catering margarines was also good.

World market prices of edible oils rose by 15–20 per cent at the end of the year, but it was not possible to pass the increase on to sales prices immediately. As before, no major fluctuation took place in delivery volumes, and the factory operated at capacity, which in turn had a favourable effect on costs.

CARLSHAMN MEJERI

Consumption of edible fats is going down in Sweden, too, and product development faces the same challenges as in Finland. Carlshamn Mejeri continued to hold a good third of the Swedish margarine market, however, although volume went down slightly in line with the general trend.

Deliveries of consumer margarines were slightly below the previous year, but sales through private sector wholesalers increased. Deliveries of bakery margarines grew as a result of agreements reached with certain bulk customers. Tough competition put pressure on prices in the case of all customer groups, actually bringing volumes down in the catering sector.

Carlshamn Mejeri used to produce Dolina Skandi margarine, an extremely well-known brand in Russia, especially the Moscow area, as a subcontractor. In July the company bought the brand, however. This proved to be a successful decision, since demand for the product continues to grow.

Most of the products marketed in Sweden are known under the name Carlshamn. Other brands are Runda Bords, Hushålls Eve and Tofuline.

Carlshamn Mejeri supplied some 22 per cent of all the ice-cream eaten in Sweden, and its market share grew slightly. In autumn 1997, Raision Margariini introduced a representative range of Carlshamn Mejeri ice-creams on the Finnish market, and they were received well. Exports of ice-cream to Russia did not, however, proceed as planned. A special project was set up to improve the profitability of the ice-cream sector, and favourable results are expected by 1999.

By organizing joint raw and other material acquisition for all operating sectors, Raisio's Margarine Division achieved savings of some FIM 10 million a year. These savings were particularly important for Carlshamn Mejeri.

Carlshamn Mejeri supplied a good third of all margarine and 22 per cent of all ice-cream used in Sweden. Malin Eriksson (left) and Oscar Jakobsson work at the company's ice-cream factory.

RAISIO POLSKA FOODS

For Raisio Polska Foods, 1997 brought general financial improvement and a better balance in operations. These targets were achieved by increasing delivery volumes and cutting unreasonably high marketing costs.

Poland's economy continued to strengthen rapidly. GDP rose by more than 5 per cent and industrial production by approximately 8 per cent. There are some 125,000 food stores in Poland, 100,000 of them selling Raisio Polska Foods products, and distribution takes place through 50 wholesale operations. Trade is concentrating, but slowly. The importance of large sales outlets will increase in the future, which is why Raisio Polska Foods will pay particular attention to cooperating with them.

There are 15 margarine producers in Poland, many of them with a solid local foothold. Competition is extremely tough and has led to overdimensioned advertising costs. Raisio Polska Foods is the third biggest margarine supplier, with a market share of a good 10 per cent.

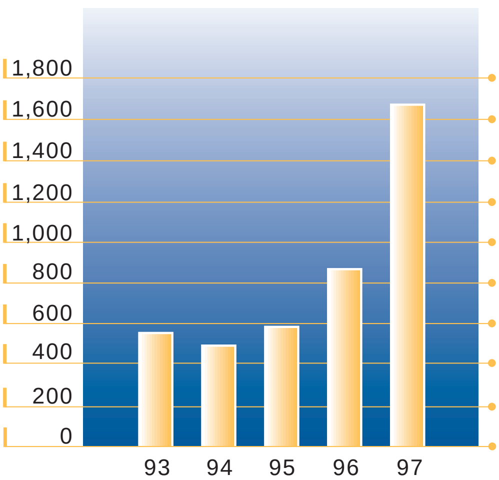
Raisio deliveries increased by over 20 per cent in Poland, and exports doubled. Raisio Polska's most important export country was Ukraine, but Belarus, Moldova and Uzbekistan came in as new buyers. The aim is to increase exports further in 1998, since the factory's capacity allows it.

Raisio Polska Foods brands include Masmix, Finea, Fraszka, Twoija M and Pokusa. Masmix accounts for approximately 50 per cent of all deliveries.

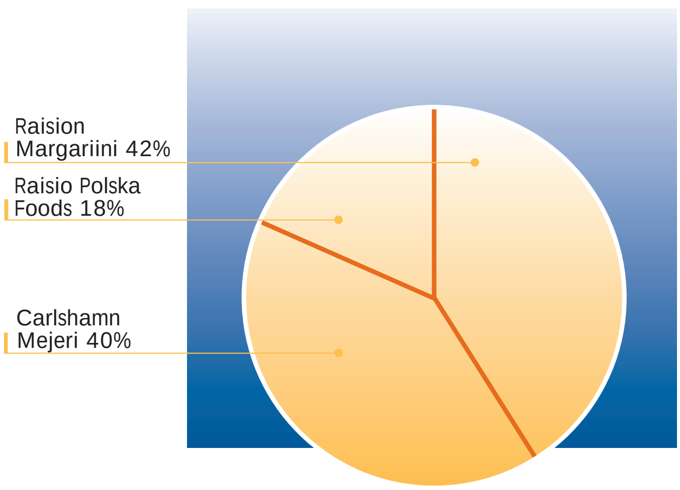
Masmix margarine is Raisio Polska Food's most successful product.

Supervisor Anna Milewska (left) checking the solidity of Fraszka margarine. In the background, Jacek Piarczynsky is starting up a packaging line.

Margarine Division turnover, FIM million



Turnover breakdown



BUSINESS DEVELOPMENT

Raisio's share of the frozen potato products sold in Finland was a good 30 per cent.

POTATO PROCESSING SUBDIVISION

Raisio's Potato Processing Subdivision makes French fries, powder for mashed potatoes, chips and special potato products. The Subdivision's turnover came to FIM 108 million, an increase of 13 per cent, while delivery volumes grew by as much as 36 per cent. This reflects a considerable fall in price levels, mainly as a result of competition from imports of low-priced frozen French fries.

Volume increases represented deliveries to hamburger chains and exports to Russia, the United Kingdom and Sweden. Efforts were made to steer production from bulk to special products with better profitability. Raisio succeeded in slightly increasing its share of the entire frozen potato retail market to a good 30 per cent.

Melia's Nordic was the best-selling imported grain product in St.Petersburg and Moscow.

FOODIE OY

Foodie Oy's key products are pea soups, frozen pastry doughs, 'mämmi' rye pudding, pickled beetroot and gherkins, mayonnaise and ketchup, the last-mentioned being made solely for export. The company's turnover totalled FIM 90 million, 12 per cent less than the previous year. Deliveries of frozen pastry doughs, 'mämmi' rye pudding and mayonnaise products developed well. The demand for pea soups was reduced by the arrival of a new producer on the market. Exports of Nordic ketchup to Russia were stable, but volume was down by one quarter, since there was a lot of price competition with low-priced products from Eastern Europe.

GRAIN DIVISION

The Grain Division was formed in June 1997. It comprises the Milling Subdivision (Melia Ltd), the Animal Feeds Subdivision (Raisio Feed Ltd and Monäs Feed Oy Ab), the Malting Subdivision and the Agricultural Group, which is responsible for grain and rape seed purchases. The Grain Division's turnover totalled FIM 1.7 billion, an increase of 4 per cent.

In its product development and industrial processes the Grain Division utilizes Raisio Group's versatile expertise in grain and oil plants. Synergy is applied to improve the competitive edge of all subdivisions.

Melia's Pasta Kauramakaroni oat macaroni won the institutional kitchen series in the Finnish Food of the Year contest. The healthy properties of this product attracted international attention.

The basic work is carried out by the Agricultural Group, which gives farming advice and develops primary production by finding the qualities and varieties that are best suited for individual purposes. The Grain Division's strength is that it can use all fractions of its raw materials fully in its own production.

The changes in the operating environment brought about by Finland's accession to the EU, and adjustment to these changes continued to affect operating conditions greatly in the Grain Division. Substantial expansion in export opportunities, particularly in the Malting and Milling Subdivisions, proved a favourable development in 1997. Exports of pet foods by the Animal Feeds Subdivision also rose. Increased exports helped to keep the production capacity utilization rate fairly high.

A lot of attention had to be paid to the changing market conditions in subdivisions that used to operate primarily on markets protected by border controls. Throughout the transition period, particular pressure has been felt in the pricing of the Milling Subdivision's products, and the trend in wheat flour prices in relation to the price of raw material has actually led the Milling Subdivision into a profitability crisis. Successful handling of the crisis will not only call for intensification of operations but also require product prices to regain a level that corresponds better to costs.

Integration of livestock production with the EU single market has also tightened competition in all subsectors of animal feeds marketing.

A new pasta line was completed in Raisio, doubling capacity and opening up new export prospects.

The quality of wheat and other bread grain was good, with the exception of the autumn's malting barley, which tended to have an excessive protein content. The availability of Finnish raw material is an essential condition for the competitiveness of Raisio's Grain Division. The growing use of wheat, for instance, has led to a situation in which imports are necessary. For rye, we were only 50 per cent self-sufficient. Efforts to increase the cultivation of domestic oil plants also continued.

MILLING SUBDIVISION

Total Finnish milling remained at the 1996 level. Raisio's Milling Subdivision held onto its share, and Melia used the same 290 million kilos of raw material as in 1996.

Household baking went down by 7 per cent in Finland. Melia's deliveries to this sector declined somewhat, but its market share strengthened. Sunnuntai, a household name in home baking, was supported by measures to celebrate its 30th anniversary. The consumption of porridge flakes and pastas grew, as did Melia's deliveries of these products. Melia supplies 70 per cent of all pastas made in Finland.

The big bakery chains increased their share of bread sales in Finland, and delivery of flour to bakeries, which is vital to Melia, increased. Deliveries to bakeries accounted for 45 per cent of the company's total volume.

Exports grew by 5 per cent and accounted for one quarter of Melia's total turnover. Pastas, porridge flakes and mueslis were the most successful products. In both St. Petersburg and Moscow, Nordic was the best-selling imported grain product.

Production of flakes was concentrated at the Nokia Factory in summer 1997. In December, a new macaroni production line was completed in Raisio, doubling capacity and opening up new prospects for exports. These investments totalled FIM 56 million. Production of spaghetti moved from Raisio to AB Kungsörnen, Sweden. Kungsörnen is part of the Cerealia Group, which has a 25% holding in Melia Ltd.

The Milling Subdivision is carrying out a number of R&D projects in cooperation with external research institutions, for instance on rye and oat varieties, wheat fibre and functional grain products.

ANIMAL FEEDS SUBDIVISION

The turnover of the Animal Feeds Subdivision, which after reorganization also includes the former Oil Milling Subdivision, grew by 4 per cent. The growth was entirely thanks to the record volume of oil milling — 180 million kilos of oil plant seeds. Cost savings from combining the two subdivisions are expected in 1998.

The Animal Feeds Subdivision was reorganized in order to underline regional aspects and cooperation with retailers.

The prices of protein raw materials were high nearly all year, undermining the profitability of farm feeds. The adjustment and profitability problems in pig and poultry farming, in particular, were reflected in the Animal Feeds Subdivision, where the focus of demand shifted from complete feeds towards protein concentrates. In dairy cattle feeds, the use of semi-concentrates and concentrates increased.

In cooperation with egg packaging companies, Raisio attached particular attention to the production of special eggs. With systematic feeding, the fatty acid content of these eggs can be manipulated so as to meet nutritional recommendations. Fatty acid optimization was also successfully applied to improving the nutritional properties of pork.

The exceptionally warm summer reduced fish production by 20–25 per cent on the previous year, with direct consequences for the demand for fish feed. Apart from this, foreign competition increased. Nevertheless, by underlining the good quality of its fish feeds, Raisio Feed succeeded in holding onto its market share reasonably well.

Use of concentrates and semi-concentrates in dairy cattle feeding increased.

Deliveries of pet foods grew by 50 per cent. Raisio Feed's own brands were particularly successful.

Deliveries of pet foods increased by 50 per cent on 1996. Marketing inputs in the Subdivision's own brands, such as Baron dog foods and Deliss cat foods, succeeded well, especially on the export market, but also at Finnish retail outlets selling agricultural supplies. The proportion accounted for by dog and cat foods sold as 'private label' products declined. The production of Monäs Feed, which makes feeds for fur animals, increased and the company showed a good profit.

At the beginning of the year under review, genetically modified soy became the subject of considerable debate. Some consumers were opposed to using such soy in production, and Raisio Group decided to buy only non-modified conventional soybean. For this purpose, a special system was created for purchase and transportation direct from US cultivation cooperatives. The growing popularity of genetically modified soy will, however, make the acquisition of conventionally grown qualities increasingly difficult.

Raisio Feed is carrying out a number of R&D projects aimed at improving the profitability of livestock farming, intensifying the utilization of nutrients and raising the quality of livestock products. The projects are being carried out in cooperation with Finnish and foreign universities and research centres.

The malting plant extension includes a giant germination box for 330,000 kilos of barley at a time. Malting expert Erkka Alikoivisto taking a sample in the new germination unit.

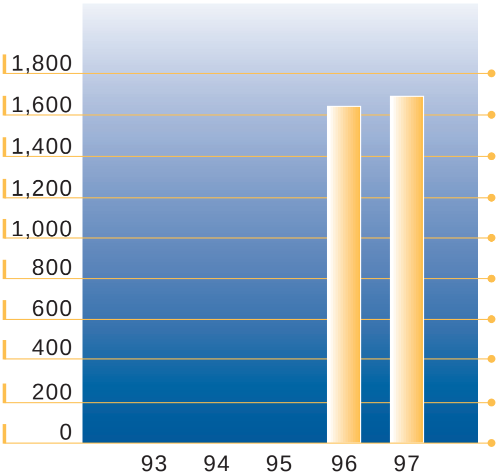
MALTING SUBDIVISION

An excess supply of malting barley on both the EU single market and the world market caused a fall in the prices of malting barley and malts. At the same time, more malting capacity was built globally, further increasing the excess supply and competition. This excess capacity is, however, being dismantled to some extent, since some of the weaker malting plants have been closed down.

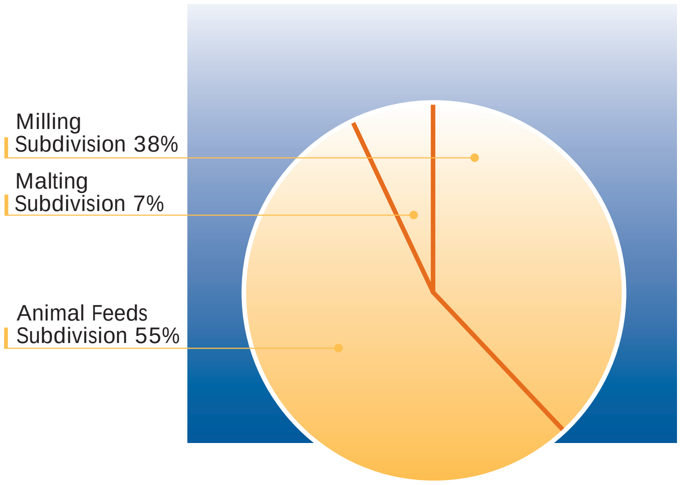
Finnish malts sold well, but price margins were modest. The Malting Subdivision delivered a total of 63 million kilos of malts, some 70 per cent being exported or sold within the single market to Scotland and Sweden, and to third countries such as Russia, Venezuela, Brazil and Norway. Exports to Russia grew particularly well, accounting for some 50 per cent of total exports. Deliveries within Finland remained at the previous level.

More than anything else, 1997 was a year of construction for the Malting Subdivision, and a three-stage extension project was completed. The first stage had been finished in 1996, raising production capacity from 50 to 70 million kilos of malts a year. In 1997, FIM 68 million in further investments raised capacity to 105 million kilos a year. The latest investment project comprises a giant 330,000-kilo germination box, a malt kiln, two steeping lines and a loading unit that can handle 200,000 kilos of malts per hour. The old germination boxes were modernized. In terms of capacity, the malting unit in Raisio is now the biggest in its field. Nearly all of its extended capacity has already been sold for 1998.

Grain Division turnover, FIMm



Turnover breakdown



CHEMICALS DIVISION

The extension of the Mietoinen plant, producing cationic chemicals, was completed in January 1998. The picture shows local manager Yrjö Lundell (left) and process operator Jukka Järvinen.

Raisio's Chemicals Division concentrates on providing an extensive product range serving the growing pulp and paper industry in all major paper production areas throughout the world. The position of Raisio Chemicals is particularly good in Finland and the Nordic countries, and its market share has grown elsewhere in Europe and in North America. In 1997, Raisio Chemicals made advances in South America and the Far East, too, by purchasing or founding subsidiaries there.

Slight optimism characterized the beginning of 1997 in the paper industry. In 1996, there had been stoppages at mills and excessive pulp and paper inventories had to be released. The following year saw a substantial improvement in utilization rates, however; the average rate was up to 94 per cent in Finland. This trend, combined with new production capacity, had a favourable impact on the consumption of paper chemicals, too.

The repercussions of the economic crisis that hit Asia towards the end of the year are affecting the world economy in a number of ways, and the optimism felt in the pulp and paper sector at the beginning of 1998 has now been replaced by uncertainty about future prospects.

Sectoral restructuring in the forest industry and corporate acquisitions continued in Europe and elsewhere. A definite trend towards concentration could be observed in the paper industry, which had previously been fairly decentralized and local in nature. This trend is expected to continue in the next few years, and to be partly boosted by the economic crisis in Asia. The chemicals industry will likewise concentrate, and company size will grow in order to be able to offer big customers a wider range of services.

The Chemicals Division's turnover came to FIM 1.6 billion, an increase of 13 per cent. 56 per cent of turnover was generated in Northern Europe, 25 per cent elsewhere in Europe, 16 per cent in the Americas and some 3 per cent in Asia.

STARCHES

A total of 194 million kilos of starch binders were delivered worldwide in 1997, 28 per cent more than in 1996. Raisio Chemicals and its subsidiaries are one of the world's leading suppliers of cationic starches. Cationic starches are made by two production plants in Finland, and also by factories in Belgium, the United States and Indonesia. The capacity of the P.T. Budi Raisio International plant in Indonesia was tripled when a new extension went on stream at the end of August.

As its former output was not enough even for the needs of Raisio Chemicals in Finland, the capacity of the plant producing cationic chemicals in Mietoinen was doubled following completion of an extension at the end of January 1998. Deliveries to Raisio Group plants abroad can thus begin.

Raisio's potato starch factories processed 192 million kilos of potatoes, and the grain starch factory 78 million kilos of domestic wheat in 1997. Apart from this, Raisio bought more than 58 million kilos of grain, potato and tapioca starch for processing all over the world.

Active research and development continued at the Coating Technology Center (CTC). The picture shows machine operator Rami Laaksonen.

COATING CHEMICALS

Operations to coating chemicals focus on the Nordic countries and Finland in particular, since the Finnish paper industry has increased its production capacity for coated paper in the past few years. When a new paper machine goes on stream at UPM-Kymmene's mill in Rauma in 1998, Finland will be Europe's number one consumer of latexes. Total consumption will exceed 300 million kilos a year.

Raisio Chemicals delivered a total of 80 million kilos of latexes, 13 per cent more than in 1996. Tough competition lowered prices substantially, however, and the increase in turnover was smaller.

A laboratory calender is used to simulate the polish and smoothness of paper in production. Laboratory worker Eveliina Hopeanaula at work.

Laboratory worker Virpi Tuominen using an electron microscope (SEM/EDXRF) to examine the paper surface.

HYDROPHOBIC SIZING

The key products in this sector are neutral size dispersions, various kinds of rosin sizing and polymeric hydrophobic sizing. Raisio Chemicals has rapidly expanded its operations in this product line in Europe, North America and the Far East. Three corporate acquisitions were made in this line of business in 1997.

In March, Raisio Chemicals bought a 51 per cent majority holding in a Spanish plant producing rosin and neutral sizes; this will continue operations under the name Raisio Echeveste S.A. In October, Raisio bought a 50 per cent share in an Indonesian company, P.T. Intercipta Kimia Pratama, which produces and markets rosin sizing and AKD-based neutral sizes for the Indonesian and Malesian paper industry. At the end of the year Raisio bought the entire capital stock of the German company Pelzer & Röhrl GmbH & Co. KG, which operates in Mainz, supplying rosin sizing to the German paper industry.

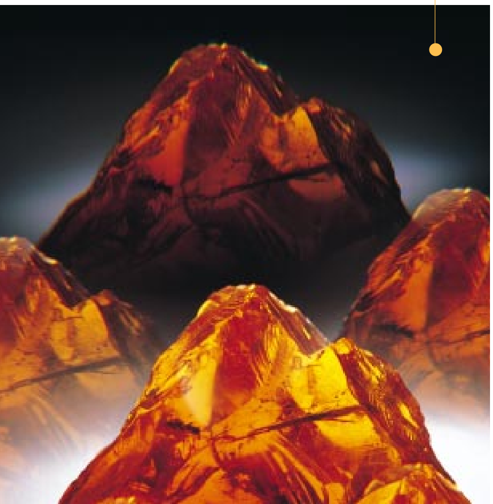
RECYCLING CHEMICALS

Raisio Chemicals is an important supplier of recycling chemicals, particularly in the Nordic countries and Canada. Operations are expanding in the US, South America, Europe and the Far East.

This product group comprises a wide variety of chemicals used in the pulp and paper industry in the recycling of fibre or water. Key products include cationic polymers, such as Raifix, Raibond and Raifloc, deinking chemicals, antraquinone dispersions, defoamers, PAC (polyaluminium chloride) products and synthetic emulsion polymers.

The plant in Raisio has been working to capacity, thanks to the rapid rise in demand for Raifix polymers. Production of Raibond polymers began in Anjalankoski towards the end of the year, and a new production line will be completed there in March 1998. A decision was made to start producing cationic polymers at the Raisio Inc. plant in Pennsylvania, US and at the Raisio Belgium N.V. plant in Belgium. The new production lines will be completed in early 1998.

Gum rosin is the primary raw material used by the Pelzer & Röhrl rosin size factory.



SOUTH AMERICA

Raisio increased its holding in Raisio Chemicals Chile S.A. and Raisio Chemicals Mexico S.A. de C.V. to 51 per cent, and two new sales companies also with 51 per cent Raisio ownership were established in South America: Raisio Chemicals Argentina S.A. in the Argentine and Raisio Quimica Andina S.A. in Colombia.

ENVIRONMENTAL TECHNOLOGY

Raisio Engineering and Raisio Flootek specialize in environmental technology, focusing in particular on the new membrane technique and treatment of circulation water from the paper industry and from washing and rinsing pigment coating.

The WIC analyser system business did not develop as expected. One WIC 100 system was sold to France. A less expensive WIC Compact system was developed in 1997, scheduled to be introduced onto the market in spring 1998. It is expected that several of these smaller systems will be sold in 1998.

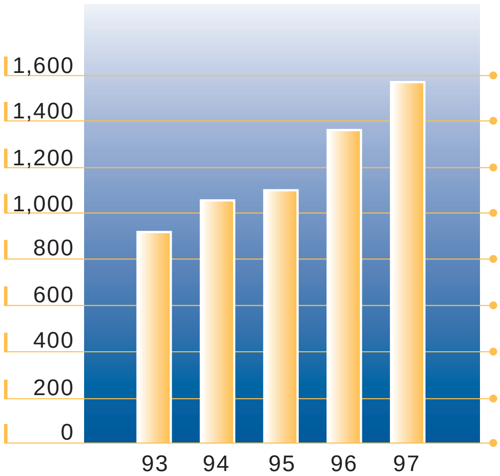
Liquid chromatographs are essential equipment in analyses supporting product development. Laboratory worker Liisa Korpela at work.

RESEARCH AND DEVELOPMENT

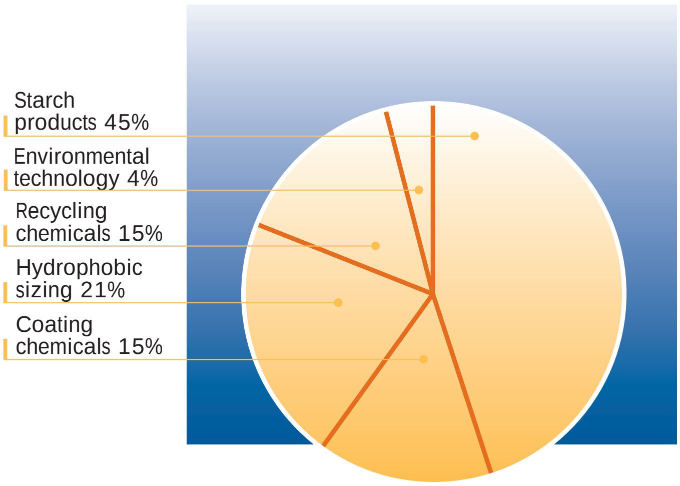
Active research and development continued at the R&D Center, the Paper Technology Center (PTC) and the Coating Technology Center (CTC), all situated in Raisio, and at technical service centres in Blackburn, UK, and Burlington, Canada. All Raisio Chemicals North American laboratory work was concentrated in Canada. Towards the end of the year, new joint laboratories for Raisio Chemicals and the Benecol Division were opened in Raisio, doubling the facilities of the R&D Center. The number of patents pending grew significantly in 1997.

R & D manager Maisa Kantola inspecting paper coated with an experimental coating color at the Coating Technology Center.

Chemicals Division turnover in FIMm



Turnover breakdown



STOCK EXCHANGE BULLETINS AND PRESS RELEASES

January 3
A new Benecol stanol ester plant goes on stream at Raisio. The plant will produce enough of Benecol's active ingredient not only to satisfy Finnish demand but also to allow exporting to begin.

January 29
Raisio Feed Ltd publishes a joint report with the Finnish Meat Research Centre on the effect of feeding on fatty acids in pork fat.

February 13
Advance data on the Raisio Group's 1996 financial statements are published. Turnover grew by 22 per cent, to FIM 3,928 million. Profit before extraordinary items grew by 18 per cent, to FIM 166 million. Profit per share was FIM 6.13.

February 19
Two batches of pea soup are withdrawn from shops because of defective jointing.

February 21
Raisio Feed Ltd publishes a report conducted jointly with the Agricultural Research Centre corroborating the commonly held view that Finnish grain is unpolluted.

February 25
Official financial statements confirm the advance data published on February 13. The Board of Directors proposes payment of a dividend of FIM 2.00 per share.

February 27
Raisio Engineering Oy sells its processing technology operations to a new company (Statech Engineering Ltd) in which it has a minority holding.

Raisio Group arranged its first Capital Markets Day, an international information event for investment analysts, on June 13, 1997. Process development manager Harry Rask guided in the margarine factory.

March 6
A new marketing company, Emsland-Raisio Chemie GmbH, which is owned by Raisio Chemicals Ltd (51 per cent) and the German company Emsland-Stärke GmbH (49 per cent), is established in Hamburg.

Melia Ltd announces plans to invest in a new macaroni processing line in Raisio and to concentrate its flake production at the company's Nokia plant.

March 14
A preliminary agreement is signed with UPM-Kymmene Corporation on the establishment of a new joint venture, Sterol Technologies. The company will focus on sterol separation technology and marketing it to the forest industry. Raision Tehtaat Oy Ab will have a 65 per cent holding in the new company.

March 25
Raisio Chemicals Ltd acquires a 51% holding in the Spanish enterprise Echeveste Resinatos S.A., which manufactures rosin sizing for the paper industry. The company's name is changed to Raisio Echeveste S.A.

April 14
Raision Feed Ltd publishes the results of tests carried out in cooperation with the Finnish Game and Fisheries Research Institute on the environmental impact of rainbow trout feeding.

April 17
The Annual General Meeting of Raision Tehtaat Oy Ab approves the 1996 financial statements, granting those accountable discharge from liability. The meeting decides to pay a dividend of FIM 2.00 per share. The Board is authorized to raise share capital by floating one or more share issues to a maximum total of FIM 10 million and/or by issuing convertible and/or warrant bonds to an equivalent increase in share capital. The meeting decides to change the company (first round of processing) into a public corporation as referred to in the amended Companies Act. The company's Finnish name is Raisio Yhtymä Oyj, its English name Raisio Group plc and its Swedish name Raisiokoncernen Abp.

June 13, 1997

May 21
Raisio Group decides to combine all its grain refining business sectors into a single division named the Grain Division as of June 1, 1997. A separate Benecol Division will be founded to handle the anticipated growth in operations.

June 9
All appeals against extension of the fine chemicals plant at Mietoinen have been rejected in different court processes. Construction can begin.

June 12
The Interim Review for January-April is published. Turnover rose to FIM 1,542 million (1996: FIM 1,194 million). Profit before extraordinary items was FIM 69 million (1996: FIM 38 million). Profit per share was FIM 2.68 (1996: FIM 1.25).

July 15, 1997

June 13
Raisio Group signs a letter of intent with the French company, Les Dérivés Résiniques et Terpéniques (DRT), on the purchase of sterols. A pre-engineering study on the construction of a stanol ester plant in the United States also begins.

June 16
An extraordinary meeting of shareholders approves changes to be made in the Articles Of Association.

July 3
Raisio Feed Ltd announces that it has been awarded an ISO 14001 environmental certificate. Lowering the unnecessarily high crude protein content of feed mixes has made it possible to reduce nitrogen emissions from pigs and poultry. BioSafe, made from rape seed oil, is introduced as the hydraulics oil for feed transport vehicles and the Feed Subdivision's forklifts.

July 15
Raisio Group signs a licensing agreement with McNeil Consumer Products, a Johnson & Johnson company, giving McNeil sole rights to use Raisio's Benecol stanol ester in a variety of forms to be introduced on the North American market.

August 12
The extension of Raisio malting plant is near completion. The whole project is expected to be ready by the end of the year. The extension will increase capacity by 50 per cent, from 70 million to 105 million kilos of malt.

August 19
The US government grants approval of the Raisio Group and McNeil Consumer Products Company's cooperation agreement. Raisio Group also signs the final agreement with the French company DRT on a substantial enlargement of DRT's sterol production.

August 27
Raisio Group and Westvaco Corporation sign a letter of intent covering their plans to jointly explore the production of plant sterol in the United States.

September 2
Raisio announces its intention to introduce the ice-creams made by its Swedish subsidiary, Carlshamn Mejeri AB, on the Finnish market.


October 10, 1997

October 10
Raisio Chemicals Ltd buys a 50 per cent holding in a company called P.T. Intercipta Kimia Pratama in Indonesia. Intercipta makes hydrophobic sizing for the paper and board industry.

October 15
The Interim Review for January-August is published. Turnover rose to FIM 3,171 million (1996: FIM 2,476 million). Profit before extraordinary items was FIM 166 million (1996: FIM 92 million). Profit per share was FIM 7.24 (1996: FIM 3.51).

October 28
Information is released on the organizational reform. As of December 1, 1997, the Group organization will comprise the following divisions, all subordinate to the Chief Executive: Margarine Division, Grain Division, Chemicals Division, Benecol Division, General Administration and Financial Administration.

October 30
Sterol Technologies Ltd, a joint venture owned by Raisio Group and UPM-Kymmene, announces that it is building a pilot-scale sterol recovery unit at the latter's research centre in Kaukas.

November 26
A letter of intent is signed with Johnson & Johnson aimed at expanding July's Benecol cooperation agreement to cover most of the world. Europe and Japan will become key markets for Benecol products alongside the United States.

Raisio Group and the Chilean company Härting S.A. sign a joint venture agreement on founding a new company, Detsa S.A. Detsa will build a new plant to extract wood-based sterols. Raisio has a 49 per cent holding.

Raisio Group announces plans to build a stanol ester plant in South Carolina in the United States. The plant is scheduled to come on stream in early 1999.

Raisio Group plc is to concentrate its Benecol business in the hands of its subsidiary, Raisio Benecol Ltd. Raisio Group plc owns 100% of the stock.

December 2, 1997

December 2
Raisio Chemicals buys the entire stock of the German company Pelzer & Röhrl GmbH & Co. KG. The company produces rosin sizing for the paper industry.

SUPERVISORY BOARD

	End of term
Toivo T. Pohjala, 66 Harjavalta Chairman for 1997, member since 1987 up to Dec 31,1997	
Vesa Lammela, 56 Kiukainen Chairman since 1998, member since 1996	1998
Ola Rosendahl, 58 Pernaja Vice Chairman since 1988, member since 1987	1999
Juhani Ali-Melkkilä, 65 Perniö member since 1987 up to Dec 31, 1997	
Hannu Auranen, 61 Karinainen member since 1987	1998
Juhani Enkovaara, 52 Helsinki member since 1996	1998
Risto Ervelä, 47 Sauvo member since 1991	1999
Erkki Haavisto, 29 Raisio member since April 17, 1997	1998
Matti Hakala, 58 Orimattila member since 1987	2000
Anders af Heurlin, 46 Parainen member since 1987	1998
Mikael Holmberg, 36 Nauvo member since 1998	2000
Esa Härmälä, 43 Helsinki member since 1996	1999
Juhani Immala, 62 Askainen member since 1987	1999
Timo Järvilahti, 54 Halikko member since 1987	1999
Juho Koivisto, 53 Kurikka member since 1987	1998
Taisto Korkeaoja, 57 Kokemäki member since 1992	2000
Erkki S. Koskinen, 51 Virrat member since 1996	1998
Albert Käiväräinen, 57 Mynämäki member since 1987	1999
Hans Langh, 48 Piikkiö member since 1990	1998
Antti Lithovius, 48 Lumijoki member since 1994	1999
Erkki Myllymäki, 66 Raisio member since 1987 up to Dec 31, 1997	
Paavo Myllymäki, 40 Mietoinen member since 1998	2000
Teemu Olli, 48 Nousiainen member since 1987	2000
Pekka Raipala, 51 Hämeenkyrö member since 1987	1998
Juha Saura, 47 Pöytyä member since 1998	2000
Nils-Erik Segersven, 61 Kemiö member since 1994	1999
Ilmo Seppälä, 60 Valkeala member since 1996	1998
Tuula Tallskog, 51 Pertteli member since 1998	2000
Johan Taube, 47 Tenhola member since 1987	2000
Juhani Torkkomäki, 58 Somero member since 1987	2000
Jukka Tuori, 49 Huittinen member since 1998	2000
Simo Vaismaa, 55 Isokyrö member since 1991	1999
Bo Åberg, 67 Nauvo member since 1987 up to Dec 31, 1997	

BOARD OF DIRECTORS

Heikki Haavisto, 62
Raisio
Chairman
since Jan 27, 1997,
member since 1997

Matti Linnainmaa, 57
Pori
Vice Chairman
since Jan 27, 1997,
member since 1995

Arto Lampinen, 65
Turku
member since 1996

Kaj Lönnroth, 61
Kemiö,
member since 1987

Kaarlo Pettilä, 56
Salo
member since 1992

Matti Salminen, 56
Turku
member since 1992

Arimo Uusitalo, 55
Kiikala,
member since 1991

Pertti Vuola, 62
Mietoinen,
member since 1987

Deputy members

Anssi Aapola, 46
deputy member since 1991

Tor Bergman, 49
deputy member since 1991

Pentti Heikonen, 62
deputy member since 1987
up to Dec 31, 1997

Kari Jokinen, 49
deputy member since 1998

Kauko Mannerjärvi, 40
deputy member since 1998

Jukka Mäki, 62
deputy member since 1987
up to Dec 31, 1997

Tarja Mäkinen, 48
deputy member since 1995
up to Dec 31, 1997

Hannu Suominen, 51
deputy member since 1987

Simo Tuikka, 56
deputy member since 1992
up to Dec 31, 1997

AUDITORS

Thor Nyroos
Authorized Public Accountant
Turku

Esa Kailiala
Authorized Public Accountant
Lieto

Deputy auditors

Pertti Keskinen
Authorized Public Accountant
Turku

Pekka Pajamo
Authorized Public Accountant
Raisio

ORGANIZATION

CHIEF EXECUTIVE
Matti Salminen

MARGARINE DIVISION
Kari Jokinen

RAISION MARGARIINI
Uolevi Nummela

CARLSHAMN MEJERI AB
Håkan Johnsson

RAISIO POLSKA Sp. z o.o.
Risto Heiskanen

GRAIN DIVISION
Anssi Aapola

MELIA LTD
Teemu Järvinen

RAISIO FEED LTD
Ilmo Aronen

MALTING SUBDIVISION
Hannu Maunula

AGRICULTURAL GROUP
Eero Nurminen

CHEMICALS DIVISION
Tor Bergman

RAISIO CHEMICALS LTD
Kai Hannus

STARCHES, Finland
Martti Söderström

HYDROPHOBIC SIZING, Finland
Claes Zetter

COATING CHEMICALS, Finland
Lauri Jämsén

RECYCLING CHEMICALS, Finland
Tapio Vihervaara

ENVIRONMENTAL TECHNOLOGY
Mats Christensson

FINANCIAL DEPARTMENT
Jari Lehmusvaara

SCANDINAVIA
Tom Kronlöf

EUROPE
Peter C. R. Street

AMERICA
Alan Whitehead

FAR EAST
Esko Sarkki

BENECOL DIVISION
Tor Bergman

RAISIO BENECOL LTD
Jukka Kaitaranta

ADMINISTRATIVE GROUP
Hannu Suominen

BUSINESS DEVELOPMENT
Hannu Suominen

POTATO PROCESSING SUBDIVISION
Jukka Hillukkala

FOODIE OY
Jukka Rahunen

FINANCIAL GROUP
Kauko Mannerjärvi

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